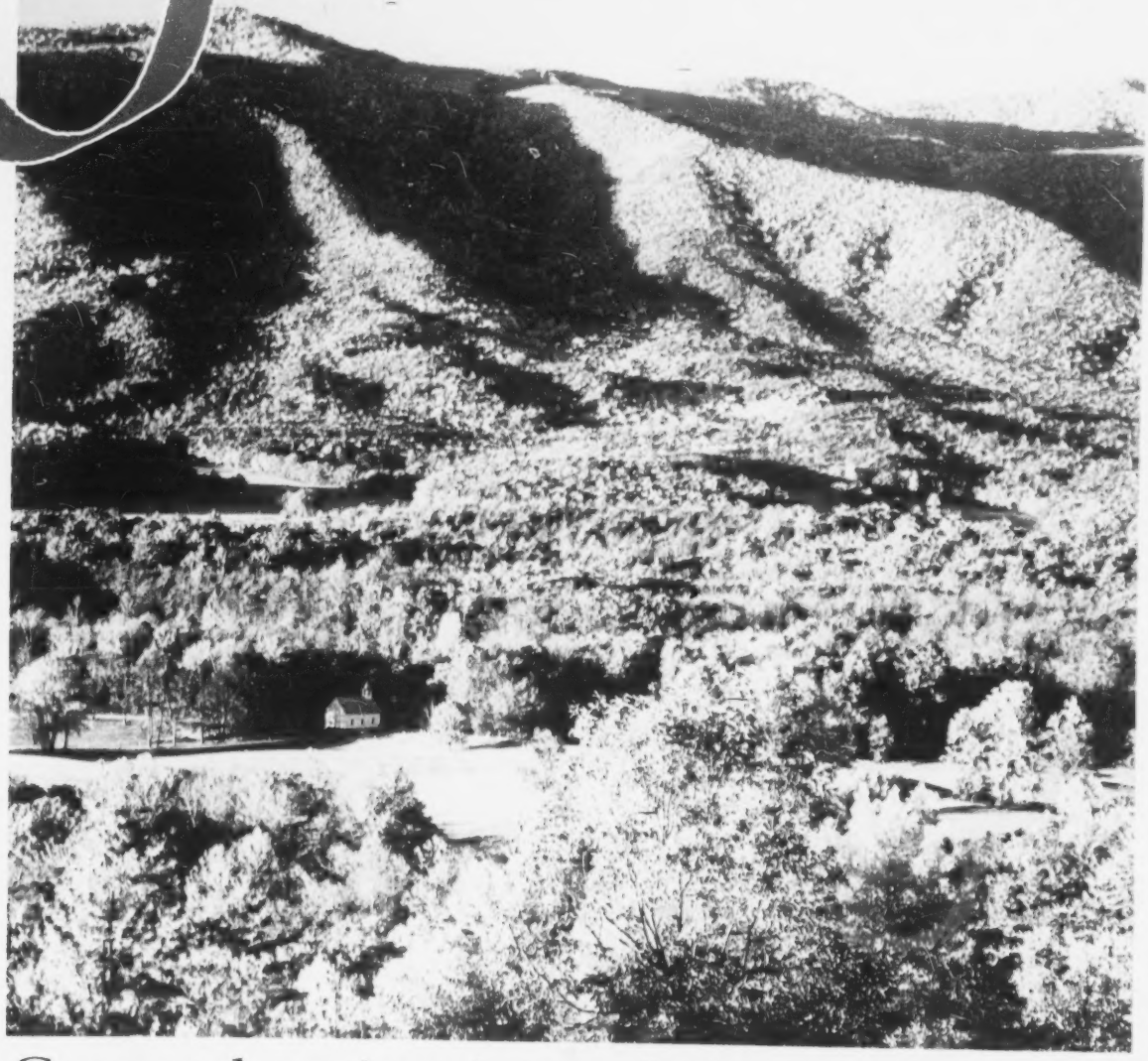
Tennessee



Comprehensive Annual Financial Report
June 30, 1990

Cades Cove, Great Smoky Mountains National Park
Photographed by Murray Lee
State of Tennessee, Media Production Services

Tennessee Comprehensive Annual Financial Report For the Year Ended June 30, 1990

NED McWHERTER, Governor

DEPARTMENT OF AUDIT
WILLIAM R. SNODGRASS, Comptroller of the Treasury
Division of State Audit
ARTHUR A. HAYES, JR.
Director

DEPARTMENT OF FINANCE AND ADMINISTRATION
DAVID L. MANNING, Commissioner
Division of Accounts
DANNY L. CREEKMORE, Chief of Accounts

Tennessee Department of Finance and Administration.
Authorization No. 317104. December. 1990. 1,000 copies.
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RECYCLED PAPER

STATE OF TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 1990

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INTRODUCTORY SECTION

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285

DAVID L. MANNING
COMMISSIONER

December 18, 1990

The Honorable Ned McWherter
Governor of the State of Tennessee

The Comprehensive Annual Financial Report of the State of Tennessee for the fiscal year ended June 30, 1990, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the state. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the state. All disclosures necessary to enable the reader to gain an understanding of the state's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the state's organizational chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the state. The state provides a full range of services, which includes education, health and social services, transportation, law, justice, public safety, recreation and resources development, public improvements and general administrative services. In addition, to general government activities, the governing body exercises, or has the ability to exercise, oversight of the following agencies: Tennessee Housing Development Agency, Tennessee Local Development Authority, Tennessee State School Bond Authority, Tennessee Student Assistance Corporation, Tennessee Consolidated Retirement System, Tennessee Board of Regents, University of Tennessee, First Tennessee Community Health Agency, East Tennessee Community Health Agency, Upper Cumberland Community Health Agency, Southeast Regional Community Health Agency, Mid-Cumberland Community Health Agency, South Central Community Health Agency, Northwest Community Health Agency, Southwest Community Health Agency, Davidson County Community Health Agency, Knox County Community Health Agency, Shelby County Community Health Agency, Hamilton County Community Health Agency, and Veterans' Nursing Home.

ECONOMIC CONDITION AND OUTLOOK

The state's economic condition has improved substantially over the last seven years. Investments announced in new and expanding businesses exceeded one billion dollars in each of those years. The $3.2 billion in announced capital investments in 1989 was the single largest year and exceeded the $2.78 billion in 1985 when Saturn Corporation chose Tennessee for its plant site. This growth has created 28,500 new jobs in this year alone, and has had a positive effect on employment and the state's economy. The state unemployment rate, at 5.2%, is slightly below the national average of 5.4%. The financial impact of these events is presented later in this letter.

Based on current projections, the state's overall growth is expected to exceed the national average into the next century. While having a positive impact, this growth also presents significant challenges for the state. If the present high level of services is to be maintained and an ambitious program for major improvements in the educational system is to be implemented, the state, in the future, will need to explore new methods of obtaining financial resources.

Presently, it appears that Tennessee's economy is moving into a recessionary period. This is part of an apparent national recession which appears to have been caused in part, by the events in the Middle East and the resulting fuel price increases. Historically, Tennessee has been one of the first states to rebound from a recession and is expected to do so again. State government is taking appropriate steps to ensure that we are able to successfully manage the resulting downturn in the tax revenues.

MAJOR INITIATIVES

For the Year. The state continued several major initiatives needed to meet citizens' needs for services, conform with applicable federal and state standards, and encourage economic growth. Programs for highway construction, industrial recruitment, waste reduction and management, education improvement and other crucial issues have made possible the substantial improvement in the economic condition and outlook of the state referred to above. Some of these programs are described below.

The state has made extensive additions and improvements to the highway system, and will maintain this effort to meet current and future needs. During the year, major emphasis on bridge inspection and repair projects continued. Gasoline tax revenues, which have increased significantly in the last four years, are being used to finance these projects.

During the year, the state continued to capitalize on the resurgence of industrial activity. In addition to state-wide industry recruiting efforts, $50 million has been provided for grants or loans to local governments and businesses for economic development programs. This program was designed to encourage economic growth in every county of the state. These funds are used for infrastructure improvements and for job specific training to promote job creation and/or job retention. Funds are restricted to situations where there is a commitment by certain private sector businesses to locate or expand in the state and create jobs for Tennesseans.

The state continued to make substantial progress in managing the problem of our penal system. Construction of three major facilities was begun in 1988, with two now completed and occupied and the third close to completion. Three additional facilities are now under construction. Bonded debt and general government revenues are being used to finance this construction.

For the Future. One of the issues identified as crucial to Tennessee's economic growth is education improvement. The Governor's proposal to accomplish this was unveiled in November, 1990. This package along with a tax proposal for funding for the program will be presented to the legislature in January, 1991.

FINANCIAL INFORMATION

In developing and modifying the state's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. I believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgeting Controls. In addition to internal controls, the state maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annually appropriated budget approved by the legislature. Activities of the general fund and special revenue funds (except the Community Health Agencies, special revenue funds) are included in the annually appropriated budget. Budgetary control is maintained at the departmental level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders which result in an overrun of available balances are not released until budget revisions are approved or additional appropriations are made. Open encumbrances are reported as reservations of fund balance at June 30, 1990.

General Governmental Functions. General governmental functions are accounted for in four governmental funds - the General, Special Revenue, Debt Service and Capital Projects funds. Revenues for general governmental functions totaled $6.7 billion in 1990, an all-time high and an increase of 8.5% over 1989. Taxes represented 57.7% of general revenues, a decrease of 2% over prior years. The amount of revenues from various sources and the changes from last year are shown below (expressed in thousands).

Revenue Source	Amount	Percent of Total	Increase from 1989	Percent of Increase
Taxes	$3,858,929	57.7%	$143,817	3.9%
Licenses, fines, fees and permits	138,588	2.1	51,438	59.0
Interest on investments	74,068	1.1	(467)	(0.1)
Federal	2,154,896	32.2	266,800	14.1
Departmental Services	404,209	6.1	52,314	14.9
Other	52,104	.8	11,219	27.4
	$6,682,794	100%	$525,121	

The most significant increase in actual revenue resulted from federal participation in health and social services (primarily Medicaid), education and transportation; all of which incurred substantial increases in expenditures during the year.

Tax revenues are a combination of fifteen distinct resources, with sales tax accounting for 57.9 percent of the total. None of the other tax sources individually account for as much as 10 percent of the total. The tax revenue increase was primarily the result of heightened business activity.

Expenditures for general governmental purposes totaled $6.2 billion in 1990, also a record, and an 11% increase over the previous year. Changes in expenditures by function from 1989 levels are presented in the following tabulation (expressed in thousands).

Function	Amount	Percent of Total	Increase (Decrease) from 1989	Percent of Increase (Decrease)
General government	$ 240,033	3.9%	$ 23,124	10.7%
Education	1,626,903	26.3	92,755	6.0
Health and social services	2,586,534	41.7	326,551	14.4
Law, justice and public safety	490,507	7.9	66,753	15.8
Recreation and resources development	183,975	3.0	24,373	15.3
Regulation of business and professions	25,667	.4	1,486	6.1
Transportation	824,578	13.3	95,694	13.1
Debt service	99,585	1.6	1,488	1.5
Capital outlay	119,704	1.9	(15,293)	(11.3)
	$6,197,486	100%	$616,931	

The significant increase in health and social services resulted primarily from the increase of $237 million in Medicaid. Transportation expenditures increased because of the major road building program now underway in the state.

General Fund Balance. The fund balance of the general fund decreased by 36.7 percent in 1990. The primary reason for this $162 million decrease was that sales and excise tax collections were below estimates by some $100 million.

Proprietary Funds. Combined operating results for the State's enterprise funds remained strong in 1990. Operating revenues were $204 million, an increase of $30 million over 1989. Operating expenses increased to $200 million from $165 million the previous year. The Tennessee Housing Development Agency (THDA), created to provide housing loans to lower and moderate income citizens, again paced the enterprise activity ($142 million and $127 million in operating revenues and expenses, respectively). Outstanding enterprise fund bonds at June 30, 1990 totaled $1.5 billion, consisting of $54 million in State Loan Program general obligation bonds and $1.5 billion in THDA and Local Development Authority revenue bonds.

Combined operating results for the State's internal service funds also remained strong in 1990. Operating revenues and expenses for these cost-reimbursement agencies aggregated $262 million and $225 million, respectively, as compared to 1989 amounts of $210 million and $217 million. The principal internal service operations provide data processing services, third party liability claims processing, downtown Nashville agency housing, and employee group insurance.

Pension Plan. Total assets of the State's pension trust fund reached $8.0 billion at June 30, 1990. The latest actuarial update of the plan, prepared as of June 30, 1990, indicated that the net assets exceeded the actuarially computed pension benefit obligation of the pension fund by $219.3 million.

College and University Funds. College and University current funds revenues increased 8% to $947 million in 1990. State appropriations to these funds rose 5% to $690 million. The primary highlights in current funds revenues were the increase in income from tuition and fees ($222 million in 1990 vs. $200 million in 1989); and increased auxiliary enterprise and hospital revenues ($359 million in 1990 vs. $323 million in 1989) reflecting higher patient occupancies at both university-operated hospitals. Current funds expenditures likewise increased in 1990, up 5% to $1.26 billion. The State's commitment to increased pay and benefits for higher education faculty and staff was borne out by this increment. Student loans outstanding at June 30, 1990, primarily from federal government sources, totaled $42.6 million, up $2.6 million from last year. Total assets of the endowment and similar funds group rose 18% in 1990 to $121 million. College and university revenue bonded debt increased to $271 million at June 30, 1990. Enrollment increased to 112 thousand students; university students increased by two thousand to 85.9 thousand and community college students increased by three thousand to 26.4 thousand.

Debt Administration. At June 30, 1990, the State had a number of debt issues outstanding. These issues included $537 million of general obligation bonds, and $57.5 million of enterprise fund debt with state commitment. Tennessee continues to receive excellent bond ratings from both Moody's Investors Service (Aaa) and Standard and Poor's Corporation (AA+) on general obligation bond issues, reflecting our long-standing record of sound financial management. Under current state statutes, the state's general obligation bonded debt issuances are subject to an annual legal debt service limitation based on a pledged portion of certain current year revenues. As of June 30, 1990, the state's annual legal debt service limit of $300 million was well above the debt service required of $101 million, with a legal debt service margin of $199 million. Debt per capita equaled $107, and the ratio of net general long-term bonded debt to assessed property valuation was 1.34 percent.

Cash Management. In recent years the State Treasurer has pursued an aggressive cash management and investment program. One aspect of this, which we believe is unique to Tennessee, is our direct access into the Federal Reserve wire system. Through the State Trust of Tennessee, wire services in the federal system are available via a terminal located in the State's investment offices. This provides the State with unprecedented flexibility investing and concentrating cash balances and pension fund assets, and in redeeming warrants and checks issued against the Treasury. During fiscal year 1990, uncommitted State funds were invested in short-term collateralized deposits as follows (averaged): certificates of deposit (31%); repurchase agreements (18%); commercial paper (5%); U.S. Treasuries (45%); and money market accounts (1%). The composite average yield on these investments was 8.69%, up from 8.08% last year.

Risk Management. In 1989, the state initiated a loss prevention program. A loss prevention specialist has been employed to assist the state in analyzing the underlaying cause of losses and in recommending measures to minimize the reoccurrence of similar losses. All state property is insured under an all risk policy for full value, with no upper limit on aggregate claims for losses. The insurance policy has an annual $5 million aggregate deductible which is covered by a $5 million state designation for casualty losses.

OTHER INFORMATION

Independent Audit. State statutes require an annual audit of all fund types and account groups of the State. The accompanying financial statements have been examined by the Division of State Audit, Office of the Comptroller of the Treasury. Their examination was conducted in accordance with generally accepted government auditing standards, and their unqualified opinion appears elsewhere herein.

In conjunction with this examination, the Division of State Audit conducted an organization-wide audit as described in the Single Audit Act of 1984 and Office of Management and Budget Circular A-128, Audits of State and Local Governments. The audit included tests of compliance with applicable federal laws and regulations as well as a study and evaluation of internal controls, including internal accounting and administrative controls used in administering federal financial assistance programs. The results of this single audit are published under separate cover by the Division of State Audit.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA), awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Tennessee for its Comprehensive Annual Financial Report for the year ended June 30, 1989. This is the tenth consecutive year that the state has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of the comprehensive annual financial report was made possible by the dedication of the entire staff of the Division of Accounts in the Department of Finance and Administration. This report would not have been prepared without the cooperation of all state agencies and branches.

Respectfully submitted,

David L. Manning, Commissioner
Department of Finance and Administration

DLM/CMP/jm

STATE OF TENNESSEE

COMPTROLLER OF THE TREASURY

William R. Snodgrass
Comptroller

STATE CAPITOL
NASHVILLE, TENNESSEE 37219-5043
PHONE (615) 741-2501

December 17, 1990

To the Members of the General Assembly
of the State of Tennessee
and
The Honorable Ned McWherter, Governor
State of Tennessee

Ladies and Gentlemen:

In accordance with Section 4-3-304, Tennessee Code Annotated, transmitted herewith is the auditor's report on the Comprehensive Annual Financial Report of the State of Tennessee for the fiscal year ended June 30, 1990.

Respectfully,

W. R. Snodgrass
Comptroller of the Treasury

WRS/jm

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1989

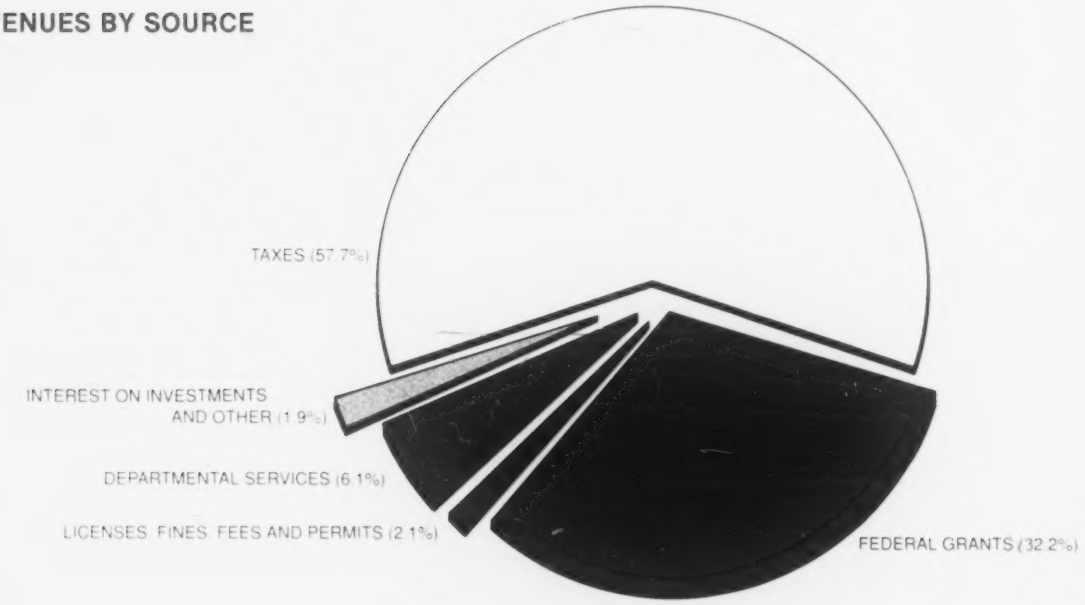
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) achieve the highest standards in government accounting and financial reporting.

Gary R. Hoistrem
President

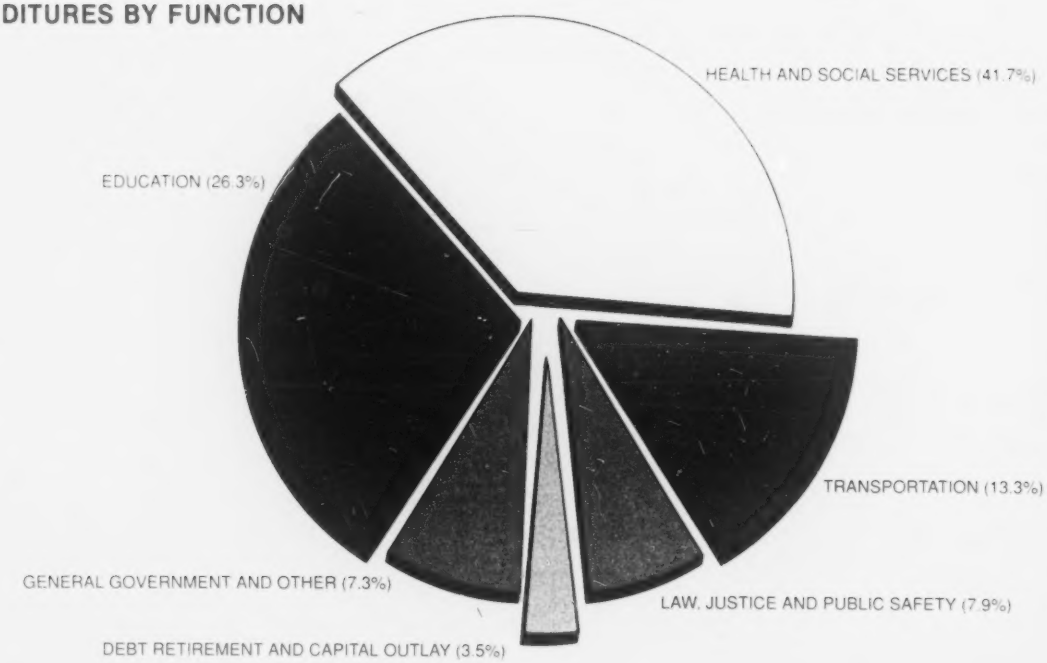
Jeffrey L. Esser
Executive Director

STATE OF TENNESSEE
GRAPHIC PRESENTATION OF REVENUES AND EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1990

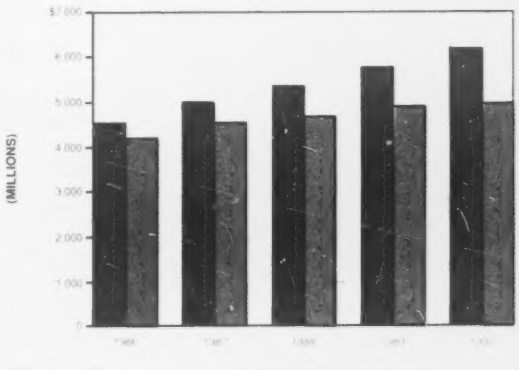
REVENUES BY SOURCE


TAXES (57.7%)
INTEREST ON INVESTMENTS AND OTHER (1.9%)
DEPARTMENTAL SERVICES (6.1%)
LICENSES, FINES, FEES AND PERMITS (2.1%)
FEDERAL GRANTS (32.2%)

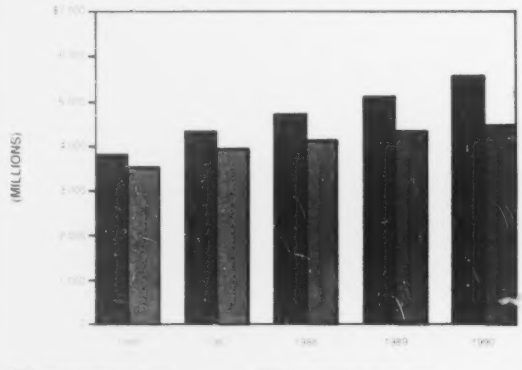
EXPENDITURES BY FUNCTION


HEALTH AND SOCIAL SERVICES (41.7%)
EDUCATION (26.3%)
TRANSPORTATION (13.3%)
GENERAL GOVERNMENT AND OTHER (7.3%)
LAW, JUSTICE AND PUBLIC SAFETY (7.9%)
DEBT RETIREMENT AND CAPITAL OUTLAY (3.5%)

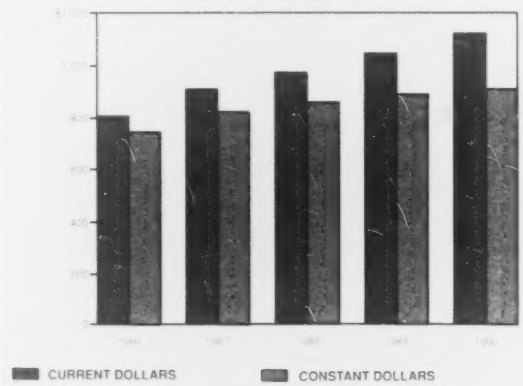
STATE OF TENNESSEE
REVENUES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



STATE OF TENNESSEE
EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS

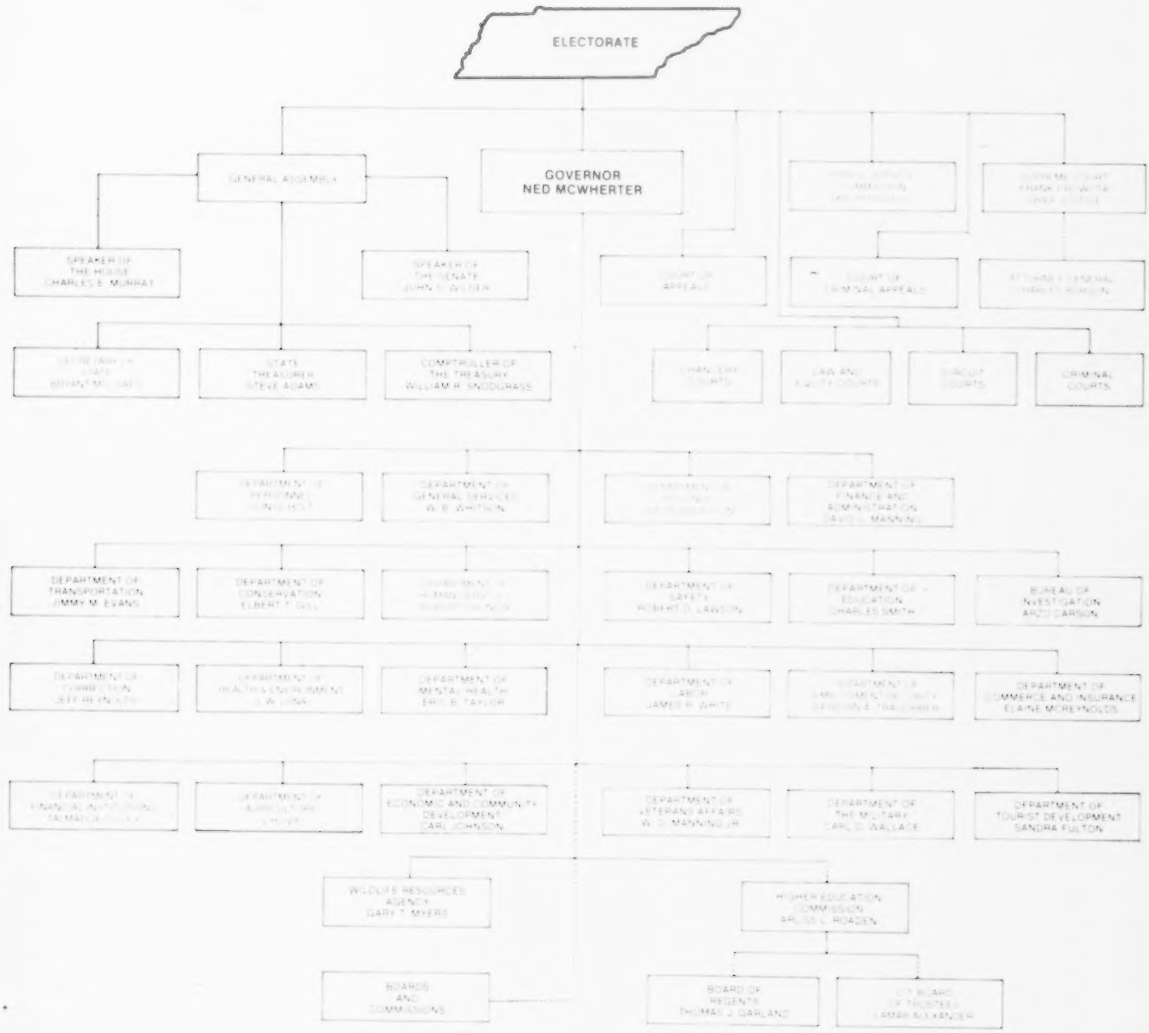


STATE OF TENNESSEE
PER CAPITA EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
LAST FIVE YEARS



NOTE: EXPENDITURES EXPRESSED IN CONSTANT DOLLARS WERE DERIVED BY USING THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS.

STATE OF TENNESSEE
ORGANIZATION CHART
1990



FINANCIAL SECTION

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0264
PHONE (615) 741-3697

Independent Auditor's Report

December 17, 1990

The Honorable W. R. Snodgrass
Comptroller of the Treasury
State Capitol
Nashville, Tennessee 37219

Dear Mr. Snodgrass:

We have audited the accompanying general purpose financial statements of the State of Tennessee and the combining, individual fund, and account group financial statements of the State as of and for the year ended June 30, 1990, as listed in the table of contents. These financial statements are the responsibility of the State of Tennessee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Tennessee at June 30, 1990, and the results of its operations and the changes in financial position of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the State of Tennessee at June 30, 1990, and the results of operations of such funds and the changes in financial position of individual proprietary and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements, taken as a whole, and on the combining, individual fund, and account group financial statements. The accompanying financial information, listed as supplementary schedules in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of the State of Tennessee. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

The statistical and economic data, listed in the foregoing table of contents, were not audited by us, and accordingly, we do not express an opinion thereon.

Sincerely,

Arthur A. Hayes, Jr.

Arthur A. Hayes, Jr., CPA, Director
Division of State Audit

AAH/jm

GENERAL PURPOSE FINANCIAL STATEMENTS

STATE OF TENNESSEE
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1990

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES			
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
CASH AND CASH EQUIVALENTS	$ 217,277	$ 424,709	$ 441	$ 116,702
CASH ON DEPOSIT WITH FISCAL AGENT			200	
INVESTMENTS				
RECEIVABLES (Note 2)	612,048	84,517	1,912	3,557
ADVANCES TO OTHER FUNDS	2,760			
INTERFUND RECEIVABLES (Note 2)	117	338		10,927
INVENTORIES, at cost		7,177		
PREPAYMENTS	32			
LAND, at cost				
STRUCTURES AND IMPROVEMENTS, at cost				
MACHINERY AND EQUIPMENT, at cost				
LESS - ACCUMULATED DEPRECIATION				
CONSTRUCTION IN PROGRESS				
DEFERRED CHARGES AND OTHER				
AMOUNT AVAILABLE IN DEBT SERVICE FUND				
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM OBLIGATIONS				
TOTAL ASSETS	$ 832,234	$ 516,741	$ 2,553	$ 131,186
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
WARRANTS PAYABLE	$ 97,396	$ 31,131	$ 4	$ 1,348
ACCOUNTS PAYABLE AND ACCRUALS	375,528	63,275	356	11,073
INTERFUND PAYABLES (Note 2)	7,042	1,179		5,218
ADVANCE FROM OTHER FUNDS		2,560		
NOTES PAYABLE (Note 3)				
BONDS PAYABLE (Note 3)				
CALL PREMIUMS PAYABLE				
LEASE OBLIGATIONS PAYABLE				
DEFERRED REVENUE	73,048	6,141		157
OTHER	172	739		
TOTAL LIABILITIES	553,186	105,025	360	17,796
FUND EQUITY (Note 2):				
CONTRIBUTED CAPITAL				
INVESTMENTS IN FIXED ASSETS				
RETAINED EARNINGS:				
RESERVED FOR BOND RETIREMENT				
RESERVED FOR LOCAL DEVELOPMENT LOANS				
RESERVED FOR HOUSING DEVELOPMENT LOANS				
UNRESERVED				
FUND BALANCES (Note 2):				
RESERVED FOR:				
RELATED ASSETS	5,283	7,177		
ENCUMBRANCES AND CONTRACTS	13,905	262,780		99,502
CONTINUING APPROPRIATIONS	83,635			
OTHER SPECIFIC PURPOSES	3,291	129,774		13,888
UNRESERVED:				
DESIGNATED FOR REVENUE FLUCTUATIONS	100,000			
DESIGNATED FOR HIGHWAY CONSTRUCTION		11,985		
DESIGNATED FOR DEBT SERVICE			2,193	
DESIGNATED FOR TRUST PURPOSES				
DESIGNATED FOR COLLEGES AND UNIVERSITIES				
DESIGNATED FOR OTHER SPECIFIC PURPOSES	72,853			
UNDESIGNATED	81			
TOTAL FUND EQUITY AND OTHER CREDITS	279,048	411,716	2,193	113,390
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	$ 832,234	$ 516,741	$ 2,553	$ 131,186

See accompanying Notes to the Financial Statements

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTALS (MEMORANDUM ONLY)	
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS (Notes 1, 2)	GENERAL LONG-TERM OBLIGATIONS (Note 3)	COLLEGE AND UNIVERSITY	JUNE 30, 1990	JUNE 30, 1989
$ 320,698	$ 110,385	$ 1,239,789			$ 125,504	$ 2,555,505	$ 2,810,103
	257	681,296			31,917	713,669	565,590
248,023	68,576	7,637,584			195,125	8,149,308	7,136,563
1,346,753	1,554	331,822			151,634	2,533,797	2,251,704
						2,760	2,720
2,365	21	15,673			148,945	178,386	154,217
	783				18,755	26,715	25,391
	1,241				2,749	4,022	3,213
63	15,265		$ 79,041		61,942	156,311	144,222
106	149,071		738,936		1,425,872	2,313,985	2,082,316
365	95,515	45	240,614		665,688	1,002,227	906,493
(246)	(94,261)	(13)				(94,520)	(44,930)
1,471			28,636		34,627	64,734	149,799
2,500	1,433				1,980	5,913	6,152
				$ 2,193		2,193	4,399
				644,575		644,575	647,536
$ 1,922,098	$ 349,840	$ 9,906,195	$ 1,087,227	$ 646,768	$ 2,864,738	$ 18,259,580	$ 16,944,488
$ 4,409	$ 6,248	$ 17,804				$ 158,340	$ 156,942
95,671	70,442	275,609		$ 110,190	$ 151,438	1,153,582	1,070,970
580	100	154,865			9,402	178,386	154,217
200						2,760	2,720
55,164					36,932	92,096	128,407
1,605,025	68,845			536,569	271,126	2,481,565	2,372,201
733	1,979					2,712	2,712
				9	2,456	2,465	3,240
6,767	8,068	1,862			32,642	128,685	117,958
		543,194			25,822	569,927	531,481
1,768,549	155,682	993,334		646,768	529,818	4,770,518	4,540,848
18,068	137,570					155,638	62,359
			$ 1,087,227		1,875,855	2,963,082	2,865,600
14,858						14,858	17,454
4,128						4,128	3,798
55,390						55,390	58,359
61,105	56,588					117,693	79,983
					67,430	79,890	65,487
					14,526	390,713	320,846
						83,635	92,918
		8,909,021			276,084	9,232,058	8,400,753
						100,000	100,000
						11,965	22,444
						2,193	4,399
		3,840			6,353	10,193	7,452
					94,672	94,672	88,889
						72,853	212,885
						81	14
153,549	194,158	8,912,861	1,087,227		2,334,920	13,489,062	12,403,640
$ 1,922,098	$ 349,840	$ 9,906,195	$ 1,087,227	$ 646,768	$ 2,864,738	$ 18,259,580	$ 16,944,488

STATE OF TENNESSEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	JUNE 30, 1990	JUNE 30, 1989
REVENUES:							
TAXES	$ 3,209,872	$ 527,034	$ 122,023		$ 218,554	$ 4,077,483	$ 3,933,882
LICENSES, FINES, FEES AND PERMITS	94,911	43,677				138,588	87,150
INTEREST ON INVESTMENTS	70,232	3,836			105,816	179,884	162,347
FEDERAL	1,850,536	300,889	92	$ 3,379	14,193	2,169,089	1,908,520
DEPARTMENTAL SERVICES	363,524	23,654		17,031		404,209	351,895
OTHER	44,933	7,171			1,107	53,211	41,298
TOTAL REVENUES	5,634,008	906,261	122,115	20,410	339,670	7,022,464	6,485,092
EXPENDITURES:							
CURRENT:							
GENERAL GOVERNMENT	218,490	21,543			48,447	288,480	255,540
EDUCATION	1,625,180	1,723				1,626,903	1,534,148
HEALTH AND SOCIAL SERVICES	2,579,797	6,737			240,196	2,826,730	2,467,808
LAW, JUSTICE AND PUBLIC SAFETY	490,104	403				490,507	423,754
RECREATION AND RESOURCES DEVELOPMENT	153,957	30,018				183,975	159,602
REGULATION OF BUSINESS AND PROFESSIONS	25,600	67				25,667	24,181
TRANSPORTATION		824,578				824,578	728,884
DEBT SERVICE			99,585			99,585	98,097
CAPITAL OUTLAY				119,704		119,704	134,997
TOTAL EXPENDITURES	5,093,128	885,069	99,585	119,704	288,643	6,486,129	5,827,011
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	540,880	21,192	22,530	(99,294)	51,027	536,335	658,081
OTHER FINANCING SOURCES(USES):							
BOND PROCEEDS				46,000		46,000	
OPERATING TRANSFERS IN	34,109	10,561	6,489	33,409		84,568	78,356
OPERATING TRANSFERS OUT	(750,440)	(70)	(31,225)	(47,920)	(94)	(829,749)	(817,998)
TOTAL OTHER FINANCING SOURCES(USES)	(716,331)	10,491	(24,736)	31,489	(94)	(699,181)	(739,642)
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(175,451)	31,683	(2,206)	(67,805)	50,933	(162,846)	(81,561)
CUMULATIVE EFFECT ON PRIOR YEARS (JUNE 30, 1988) OF CHANGING TO A DIFFERENT BASIS OF ACCOUNTING FOR TAXES AND LICENSES							307,128
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(175,451)	31,683	(2,206)	(67,805)	50,933	(162,846)	225,567
FUND BALANCES, JULY 1(Note 2)	441,372	380,033	4,399	181,195	685,375	1,692,374	1,472,416
EQUITY TRANSFERS IN	16,411					16,411	
EQUITY TRANSFERS OUT	(3,284)					(3,284)	(5,609)
FUND BALANCES, JUNE 30 (Note 2)	$ 279,048	$ 411,716	$ 2,193	$ 113,390	$ 736,308	$ 1,542,655	$ 1,692,374

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1990	JUNE 30, 1989
OPERATING REVENUES:						
CHARGES FOR SERVICES	$ 11,375	$ 114,041			$ 125,416	$ 88,429
CONTRIBUTIONS				$ 452,705	452,705	426,199
INVESTMENT INCOME	147,466	6,809	$ 11,805	715,607	881,687	622,428
DISCOUNT AMORTIZATION				73,108	73,108	80,177
PREMIUMS	45,650	140,417			186,067	152,102
OTHER		282	5,848		6,130	4,008
TOTAL OPERATING REVENUES	204,491	261,549	17,653	1,241,420	1,725,113	1,373,343
OPERATING EXPENSES:						
PERSONAL SERVICES	3,342	12,499			15,841	15,725
CONTRACTUAL SERVICES	4,994	25,570			30,564	15,223
MATERIALS AND SUPPLIES	219	12,674			12,893	11,743
RENTALS AND INSURANCE	316	35,435			35,751	34,173
INTEREST	131,057	4,400			135,457	121,363
DEPRECIATION AND AMORTIZATION	404	16,972	4		17,380	13,744
BENEFITS	57,031	113,760		278,175	448,966	421,540
REFUNDS				20,561	20,561	20,665
OTHER	2,265	4,032	9,254		15,551	12,646
TOTAL OPERATING EXPENSES	199,628	225,342	9,258	298,736	732,964	666,822
OPERATING INCOME	4,863	36,207	8,395	942,684	992,149	706,521
NONOPERATING REVENUES(EXPENSES)	7,572		(13,380)		(5,808)	(3,517)
INCOME(LOSS) BEFORE OPERATING TRANSFERS	12,435	36,207	(4,985)	942,684	986,341	703,004
OPERATING TRANSFERS IN (OUT)	(4,698)	(12,781)	26,224		8,745	22,574
INCOME BEFORE EXTRAORDINARY CHARGE	7,737	23,426	21,239	942,684	995,086	725,578
EXTRAORDINARY CHARGE (Note 3)	(768)				(768)	(425)
NET INCOME/CHANGE IN RETAINED EARNINGS	6,969	23,426	21,239	942,684	994,318	725,153
OTHER CHANGES IN FUND EQUITY:						
CONTRIBUTED(DISPOSAL OF) FIXED ASSETS	(27)	102,751			102,724	8,531
CONTRIBUTED CAPITAL	5,762		2,958		8,720	6,504
EQUITY TRANSFERS IN (OUT)	3,284	(16,411)			(13,127)	5,609
NET CHANGE IN FUND EQUITY	15,988	109,766	24,197	942,684	1,092,635	745,797
FUND EQUITY, JULY 1 (Note 2)	137,561	84,392	131,707	7,077,965	7,431,625	6,685,828
FUND EQUITY, JUNE 30	$ 153,549	$ 194,158	$ 155,904	$ 8,020,649	$ 8,524,260	$ 7,431,625

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	PENSION TRUST	JUNE 30, 1990	JUNE 30, 1989
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
NET INCOME BEFORE EXTRAORDINARY ITEMS	$ 7,737	$ 23,426	$ 21,239	$ 942,684	$ 995,086	$ 725,578
ITEMS NOT PROVIDING/REQUIRING WORKING CAPITAL:						
DISCOUNT AMORTIZATION	1,290			(73,108)	(71,818)	(78,920)
DEPRECIATION AND AMORTIZATION	404	16,972	4		17,380	13,744
DEEP DISCOUNT BOND ACCRETION	7,028				7,028	6,081
LOSS ON DISPOSAL OF FIXED ASSETS	4	80			84	135
WORKING CAPITAL PROVIDED BY OPERATIONS, EXCLUSIVE OF EXTRAORDINARY ITEMS	16,463	40,478	21,243	869,576	947,760	666,618
EXTRAORDINARY ITEMS	(768)				(768)	(425)
WORKING CAPITAL PROVIDED BY OPERATIONS	15,695	40,478	21,243	869,576	946,992	666,193
PROCEEDS FROM SALE OF BONDS	172,466				172,466	331,507
DISPOSAL OF FIXED ASSETS		3,334	1		3,335	1,824
DECREASE IN LOANS TO OTHER GOVERNMENTS	3,244				3,244	2,764
INCREASE IN ADVANCES FROM OTHER FUNDS	200				200	
DECREASE IN LOANS RECEIVABLE	52,194				52,194	44,596
SALE OF LONG-TERM INVESTMENTS	4,175				4,175	82
EQUITY TRANSFERS IN	3,305	5,481			8,786	5,609
CONTRIBUTED CAPITAL	5,762		2,958		8,720	6,504
DECREASE IN NONCURRENT RECEIVABLES						316
TOTAL SOURCES OF WORKING CAPITAL	257,041	49,293	24,202	869,576	1,200,112	1,059,395
USES OF WORKING CAPITAL:						
PURCHASE OF LONG-TERM INVESTMENTS	22,822	60	11,967	884,312	919,161	832,118
INCREASE IN NONCURRENT RECEIVABLES	197,482				197,482	204,334
INCREASE IN DEFERRED CHARGES	534				534	814
ACQUISITION OF FIXED ASSETS	1,519	24,546	16		26,081	13,941
EQUITY TRANSFERS OUT	21	21,892			21,913	
DECREASE IN LONG-TERM DEBT	67,993				67,993	76,931
DECREASE IN ADVANCE FROM OTHER FUNDS						421
TOTAL USES OF WORKING CAPITAL	290,371	46,498	11,983	884,312	1,233,164	1,128,559
NET CHANGE IN WORKING CAPITAL	$ (33,330)	$ 2,795	$ 12,219	$ (14,736)	$ (33,052)	$ (69,164)
ELEMENTS OF NET INCREASE(DECREASE) IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	$ (52,140)	$ (4,166)	$ 10,591	$ (76,056)	$ (121,771)	$ (19,126)
CASH ON DEPOSIT WITH FISCAL AGENT		(7,891)			(7,891)	7,396
RECEIVABLES	5,053	(1,007)	847	10,106	14,999	35,062
INTERFUND RECEIVABLES	2,363	(140)	1,058	280	3,561	(496)
INVENTORIES		(221)			(221)	606
PREPAID EXPENSES		491			491	342
WARRANTS PAYABLE	(1,200)	345	976	1,523	1,644	(3,850)
ACCOUNTS PAYABLE AND ACCRUALS	(7,883)	16,198	(268)	49,411	57,458	(64,049)
INTERFUND PAYABLES	(553)	421	(1,047)		(1,179)	(154)
NOTES PAYABLE	8,967				8,967	(2,699)
CURRENT PORTION OF LONG-TERM DEBT	13,048				13,048	(20,137)
OTHER	(985)	(1,235)	62		(2,158)	(2,059)
NET CHANGE IN WORKING CAPITAL	$ (33,330)	$ 2,795	$ 12,219	$ (14,736)	$ (33,052)	$ (69,164)

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINED STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
ALL COLLEGE AND UNIVERSITY CURRENT FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	UNRESTRICTED	RESTRICTED	TOTALS FOR THE YEAR ENDED (MEMORANDUM ONLY) JUNE 30, 1990	JUNE 30, 1989
REVENUES:				
EDUCATIONAL AND GENERAL:				
TUITION AND FEES	$ 222,246		$ 222,246	$ 199,535
FEDERAL APPROPRIATIONS	13,543		13,543	13,568
LOCAL APPROPRIATIONS	1,768		1,768	1,736
FEDERAL GRANTS AND CONTRACTS	15,372	$ 159,382	174,754	166,129
STATE GRANTS AND CONTRACTS	1,699	22,058	23,757	32,228
LOCAL GRANTS AND CONTRACTS	5,101	2,511	7,612	6,990
PRIVATE GIFTS, GRANTS AND CONTRACTS	5,717	57,181	62,898	58,505
ENDOWMENT INCOME	1,102	10,116	11,218	8,974
SALES AND SERVICES OF EDUCATIONAL ACTIVITIES	41,251		41,251	38,908
SALES AND SERVICES OF AUXILIARY ENTERPRISES AND HOSPITALS	354,825	3,903	358,728	323,422
OTHER SOURCES	29,383	45	29,428	25,982
TOTAL REVENUES	692,007	255,196	947,203	875,977
EXPENDITURES AND TRANSFERS:				
EDUCATIONAL AND GENERAL:				
INSTRUCTION	505,521	52,423	557,944	527,350
RESEARCH	35,976	87,066	123,042	117,514
PUBLIC SERVICE	45,504	53,655	99,159	97,290
ACADEMIC SUPPORT	97,376	6,571	103,947	102,327
STUDENT SERVICES	80,147	3,722	83,869	76,946
INSTITUTIONAL SUPPORT	114,301	2,768	117,069	113,724
OPERATION AND MAINTENANCE OF PLANT	97,173	606	97,779	94,404
SCHOLARSHIPS AND FELLOWSHIPS	15,799	63,246	79,045	67,512
EDUCATIONAL AND GENERAL EXPENDITURES	991,797	270,057	1,261,854	1,197,067
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	6,435		6,435	7,908
ENDOWMENT FUND				404
LOAN FUND MATCHING GRANT	220		220	124
RESTRICTED CURRENT FUND	101		101	166
NON-MANDATORY TRANSFERS FOR:				
UNEXPENDED PLANT FUND	4,611		4,611	6,888
RENEWALS AND REPLACEMENTS	4,989		4,989	3,318
RETIREMENT OF INDEBTEDNESS	5,796		5,796	3,314
RESTRICTED	(15)		(15)	
AUXILIARY ENTERPRISE AND HOSPITALS	(2,081)		(2,081)	(908)
ENDOWMENT FUND	2,072		2,072	4,785
STATE GENERAL FUND	(669,752)	(20,347)	(690,099)	(658,857)
STATE CHAIRS OF EXCELLENCE TRUST FUND		1,583	1,583	2,250
TOTAL EDUCATIONAL AND GENERAL	344,173	251,293	595,466	566,459
AUXILIARY ENTERPRISES AND HOSPITALS:				
EXPENDITURES	312,243	3,903	316,146	297,056
MANDATORY TRANSFERS FOR:				
PRINCIPAL AND INTEREST	19,961		19,961	18,849
RENEWALS AND REPLACEMENTS	18		18	18
NON-MANDATORY TRANSFERS FOR:				
RENEWALS AND REPLACEMENT	4,069		4,069	3,527
UNEXPENDED PLANT FUNDS	5,145		5,145	348
EDUCATIONAL AND GENERAL FUNDS	2,081		2,081	908
RETIREMENT OF INDEBTEDNESS	1,593		1,593	491
ENDOWMENT	1,135		1,135	
TOTAL AUXILIARY ENTERPRISE AND HOSPITAL EXPENDITURES AND TRANSFERS	346,245	3,903	350,148	321,197
TOTAL CURRENT EXPENDITURES AND TRANSFERS	690,418	255,196	945,614	887,656
OTHER TRANSFERS AND ADDITIONS(DEDUCTIONS):				
EXCESS OF RESTRICTED OVER TRANSFER TO REVENUE		24,296	24,296	18,898
INDIRECT COST RECOVERIES		(18,844)	(18,844)	(17,464)
TRANSFERS FROM OTHER FUNDS	189	(1,100)	(911)	1,586
REFUNDED TO GRANTORS		(880)	(880)	(915)
OTHER ADDITIONS(DEDUCTIONS)	5,388	(293)	5,095	5,939
NET INCREASE(DECREASE) IN FUND BALANCES	$ 7,166	$ 3,179	$ 10,345	$ (3,635)

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINED STATEMENT OF CHANGES IN FUND BALANCES
ALL COLLEGE AND UNIVERSITY FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	CURRENT FUNDS			ENDOWMENT	LIFE
	UNRESTRICTED	RESTRICTED	LOAN	AND SIMILAR	INCOME
REVENUES AND OTHER ADDITIONS:					
EDUCATIONAL AND GENERAL REVENUES	$ 337,182				
AUXILIARY ENTERPRISES AND HOSPITALS	354,825	$ 34			
GRANTS AND CONTRACTS - RESTRICTED		97,153	$ 1,165		
GIFTS AND BEQUESTS - RESTRICTED		174,894	135	$ 8,448	$ 1,539
REALIZED GAINS ON INVESTMENTS				3,438	207
INTEREST INCOME - RESTRICTED			1,320		
INVESTMENT INCOME - RESTRICTED		341	242	46	1,203
ENDOWMENT INCOME		6,933	36	531	
BONDS AND NOTES ISSUED					
RETIREMENT OF INDEBTEDNESS					
EQUIPMENT USE CHARGES					
STUDENT DEBT SERVICE FEES					
EXPENDED FOR PLANT FACILITIES					
OTHER	5,399	138	566	120	
TOTAL REVENUES AND OTHER ADDITIONS	697,406	279,493	3,464	12,583	2,949
EXPENDITURES AND OTHER DEDUCTIONS:					
EDUCATIONAL AND GENERAL EXPENDITURES	991,797	270,057			
AUXILIARY ENTERPRISES EXPENDITURES	312,243	3,903			
INDIRECT COST RECOVERED		18,634			
REFUNDED TO GRANTORS		880	99		
LOAN CANCELLATIONS AND WRITE-OFFS			1,046		
ADMINISTRATIVE AND COLLECTION COST			138		
EXPENDED FOR PLANT FACILITIES					
RETIREMENT OF INDEBTEDNESS					
INTEREST ON INDEBTEDNESS					
DISPOSAL OF PLANT FACILITIES					
PAYMENTS TO BENEFICIARIES					1,155
BONDS AND NOTES ISSUED					
OTHER	11	504	608	1,130	4
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,304,051	293,978	1,891	1,130	1,159
TRANSFERS AMONG FUNDS ADDITIONS(DEDUCTIONS):					
MANDATORY:					
PRINCIPAL AND INTEREST	(26,396)				
LOAN FUND MATCHING GRANT	(220)	15	205		
ENDOWMENT FUND				2,558	(2,558)
RENEWALS AND REPLACEMENT	(18)				
RESTRICTED CURRENT FUND	(101)	101			
NON-MANDATORY:					
UNRESTRICTED CURRENT FUNDS	4				
RESTRICTED CURRENT FUND	204	(204)			
ENDOWMENT FUND	(3,207)	(885)		4,224	
LOAN FUNDS	1		(1)		
UNEXPENDED PLANT FUND	(9,756)	(127)			
RENEWALS AND REPLACEMENTS	(9,058)				
RETIREMENT OF INDEBTEDNESS	(7,394)				
STATE GENERAL FUND AND CAPITAL PROJECTS FUND	669,752	20,347			
STATE CHAIRS OF EXCELLENCE TRUST FUND		(1,583)			
TOTAL TRANSFERS AMONG FUNDS	613,811	17,664	204	6,782	(2,558)
NET INCREASE(DECREASE) FOR THE YEAR	7,166	3,179	1,777	18,235	(768)
FUND BALANCE, JULY 1	69,334	46,905	46,047	102,753	16,414
FUND BALANCE, JUNE 30	$ 76,500	$ 50,084	$ 47,824	$ 120,988	$ 15,646

The accompanying Notes to the Financial Statements

PLANT FUNDS				TOTALS (MEMORANDUM ONLY) FOR THE YEAR ENDED	
UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	JUNE 30, 1990	JUNE 30, 1989
				$ 337,182	$ 306,700
				354,859	319,679
$ 91		$ 870		99,279	101,507
5,432		11	$ 1,221	191,680	180,162
				3,645	1,613
				1,320	1,195
2,981	$ 2,758	4,693		12,264	10,319
				7,500	6,016
14,757			36,073	50,830	18,495
			4,472	4,472	
	5,525	212		5,737	5,497
		5,338		5,338	5,551
			145,977	145,977	156,545
997	57	81	2,647	10,005	8,995
24,258	8,340	11,205	190,390	1,230,088	1,122,274
				1,261,854	1,197,067
				316,146	297,056
	5			18,639	17,303
				979	1,118
				1,046	592
		103		241	309
79,930	10,143	209	1,299	91,581	86,811
		15,890		15,890	18,530
10		19,495	28	19,533	22,154
			24,038	24,038	13,778
				1,155	1,048
486			39,800	40,286	12,015
2,609	21		5,934	10,821	28,810
83,035	10,169	35,697	71,099	1,802,209	1,696,591
		26,396			
	18				
		(4)			
(32)		(100)			
16,773	(1,965)	(4,925)			
	9,430	(372)			
		7,394			
43,996		3,924		738,019	719,318
				(1,583)	(2,250)
60,737	7,483	32,313		736,436	717,068
1,960	5,654	7,821	119,291	164,315	142,751
34,938	39,535	58,115	1,756,564	2,170,605	2,027,854
$ 36,898	$ 45,189	$ 65,936	$ 1,875,855	$ 2,334,920	$ 2,170,605

STATE OF TENNESEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(BUDGETARY BASIS)
GENERAL FUND AND ALL BUDGETED SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	GENERAL FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES(BUDGETARY BASIS), JULY 1	$ 413,306	$ 413,306	
ADD:			
ENCUMBRANCES AND CONTRACT RESERVES REAPPROPRIATED	28,005	28,005	
ADJUSTED FUND BALANCES(BUDGETARY BASIS), JULY 1	441,311	441,311	
REVENUES:			
TAXES	3,206,138	3,209,872	$ 3,734
LICENSES, FINES, FEES AND PERMITS	51,645	94,911	43,266
INTEREST ON INVESTMENTS	79,400	70,232	(9,168)
FEDERAL	1,995,544	1,850,536	(145,008)
DEPARTMENTAL SERVICES	381,258	362,967	(18,291)
OTHER	100,285	44,933	(55,352)
OTHER FINANCING SOURCES	50,598	50,598	
TOTAL SOURCES OF FINANCIAL RESOURCES	6,306,179	6,125,360	(180,819)
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
GENERAL GOVERNMENT			
LEGISLATIVE	17,649	15,897	1,752
SECRETARY OF STATE	22,935	18,825	4,110
COMPTROLLER	35,145	32,278	2,867
TREASURER	11,136	10,324	812
PUBLIC SERVICE COMMISSION			
GOVERNOR	9,097	7,370	1,727
COMMISSIONS	49,435	46,474	2,961
FINANCE AND ADMINISTRATION	13,152	12,964	188
PERSONNEL	6,089	5,557	532
GENERAL SERVICES	16,536	15,623	913
REVENUE	45,556	43,957	1,599
OTHER	14,649	10,999	3,650
EDUCATION	1,655,734	1,625,607	30,127
HEALTH AND SOCIAL SERVICES			
VETERANS AFFAIRS	1,806	1,522	284
EMPLOYMENT SECURITY	50,237	45,344	4,893
LABOR	95,997	75,228	20,769
MENTAL HEALTH AND MENTAL RETARDATION	316,288	300,104	16,184
HEALTH AND ENVIRONMENT	1,721,488	1,638,458	83,030
HUMAN SERVICES	552,559	528,064	24,495
LAW, JUSTICE AND PUBLIC SAFETY			
JUDICIAL	76,065	71,711	4,354
CORRECTION	290,181	277,765	12,416
YOUTH DEVELOPMENT	50,551	45,976	4,575
MILITARY	29,179	18,678	10,501
BUREAU OF CRIMINAL INVESTIGATION	13,275	12,585	690
SAFETY	68,837	64,712	4,125
RECREATION AND RESOURCE DEVELOPMENT			
AGRICULTURE	17,922	15,710	2,212
TOURIST DEVELOPMENT	10,906	10,697	209
CONSERVATION	78,069	70,494	7,575
WILDLIFE RESOURCES			
ECONOMIC AND COMMUNITY DEVELOPMENT	135,904	57,918	77,986
REGULATION OF BUSINESS AND PROFESSIONS			
COMMERCE AND INSURANCE	22,926	20,516	2,410
FINANCIAL INSTITUTIONS	5,477	5,142	335
TRANSPORTATION			
OTHER FINANCING USES	753,802	753,802	
TOTAL USES OF FINANCING RESOURCES	6,188,582	5,860,301	328,281
FUND BALANCES(BUDGETARY BASIS), JUNE 30 (Note 2)	$ 117,597	$ 265,059	$ 147,462

See accompanying Notes to the Financial Statements

SPECIAL REVENUE FUNDS			TOTALS(MEMORANDUM ONLY)		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
$ 75,427	$ 75,427		$ 488,733	$ 488,733	
304,606	304,606		332,611	332,611	
380,033	380,033		821,344	821,344	
519,340	527,034	$ 7,694	3,725,478	3,736,906	$ 11,428
31,710	43,677	11,967	83,355	138,588	55,233
	3,834	3,834	79,400	74,066	(5,334)
1,159,416	300,889	(858,527)	3,154,960	2,151,425	(1,003,535)
35,479	23,654	(11,825)	416,737	386,621	(30,116)
	7,169	7,169	100,285	52,102	(48,183)
10,788	10,788		61,386	61,386	
2,136,766	1,297,078	(839,688)	8,442,945	7,422,438	(1,020,507)
			17,649	15,897	1,752
			22,935	18,825	4,110
			35,145	32,278	2,867
11,015	8,773	2,242	22,151	19,097	3,054
12,995	12,805	190	12,995	12,805	190
			9,097	7,370	1,727
			49,435	46,474	2,961
			13,152	12,964	188
			6,089	5,557	532
			16,536	15,623	913
			45,556	43,957	1,599
			14,649	10,999	3,650
1,800	1,773	27	1,657,534	1,627,380	30,154
			1,806	1,522	284
			50,237	45,344	4,893
			96,997	75,228	20,769
			316,288	300,104	16,184
12,428	6,426	6,002	1,733,916	1,644,884	89,032
			552,559	528,064	24,495
			76,065	71,711	4,354
			290,181	277,765	12,416
			50,551	45,976	4,575
			29,179	18,678	10,501
			13,275	12,585	690
556	403	153	69,393	65,115	4,278
			17,922	15,710	2,212
			10,906	10,697	209
			78,069	70,494	7,575
34,306	30,692	3,614	34,306	30,692	3,614
			135,904	57,918	77,986
97	67	30	23,023	20,583	2,440
			5,477	5,142	335
2,026,244	1,160,464	865,780	2,026,244	1,160,464	865,780
835	835		754,637	754,637	
2,100,276	1,222,238	878,038	8,288,858	7,082,539	1,206,319
$ 36,490	$ 74,840	$ 38,350	$ 154,087	$ 339,899	$ 185,812

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation - The accompanying financial statements of the State of Tennessee have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The financial statements of the College and University Funds have been prepared in conformity with generally accepted accounting principles for colleges and universities as prescribed by the National Association of College and University Business Officers and the American Institute of Certified Public Accountants, and as modified by the Governmental Accounting Standards Board. Certain amounts presented for the preceding year have been reclassified for comparative purposes.

B. Financial Reporting Entity - For financial reporting purposes the State of Tennessee includes all fund types, account groups, departments and agencies of the state, as well as boards, commissions, authorities, colleges and universities, over which the state's executive, legislative and judicial branches exercise oversight responsibility. This complies with Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Oversight responsibility is defined to include the following considerations:

1. Financial interdependency;
2. Selection of governing authority;
3. Designation of management;
4. Ability to significantly influence operations;
5. Accountability for fiscal matters;
6. Scope of public service; and/or
7. Special financing relationships.

Based primarily on the fact that the state exercises control over the selection of the governing authority and can significantly influence operations, the following components have been included in the Comprehensive Annual Financial Report:

Tennessee Housing Development Agency
Tennessee Local Development Authority
Tennessee State School Bond Authority
Tennessee Student Assistance Corporation
Tennessee Consolidated Retirement System
Tennessee Board of Regents
University of Tennessee
First Tennessee Community Health Agency
East Tennessee Community Health Agency
Upper Cumberland Community Health Agency
Southeast Regional Community Health Agency
Mid-Cumberland Community Health Agency
South Central Community Health Agency
Northwest Community Health Agency
Southwest Community Health Agency
Davidson County Community Health Agency
Knox County Community Health Agency
Shelby County Community Health Agency
Hamilton County Community Health Agency
Veterans' Nursing Home

C. Fund Structure and Basis of Accounting - The financial activities of the state reported in the accompanying statements are classified into four fund categories and two account groups, all described below. The fund categories include governmental funds, proprietary funds, fiduciary funds, and college and university funds. Account groups are presented for general fixed assets and general long-term obligations.

The state's governmental funds include:

1. the General Fund - used to account for all financial transactions not required to be accounted for in other funds;
2. the Special Revenue Funds - used to account for specific revenues earmarked to finance particular or restricted programs and activities;
3. the Debt Service Fund - used to account for the payment of principal and interest on general long-term debt; and
4. the Capital Projects Fund - used to account for the acquisition or construction of all major governmental capital facilities.

All of the governmental funds are accounted for on the modified accrual basis of accounting. In accordance with this basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Principal revenue sources accounted for on the modified accrual basis include federal grants, departmental services, interest on investments, sales taxes, petroleum and vehicular-related taxes and fees, licenses, and gross receipts taxes. Fines, fees and permits are accounted for on the cash basis. Expenditures are recognized at the time fund liability is incurred except:

a. Inventories generally are considered expenditures when consumed;
b. Prepayments usually are not recorded; and
c. Interest on long-term debt is recorded when due.

Encumbrance accounting is utilized for budgetary control purposes. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditure.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary funds include:

1. the Enterprise Funds - used to account for the operations of self-sustaining state agencies providing goods or services to the general public on a user-charge basis; and
2. the Internal Service Funds - used to account for the operations of self-sustaining state agencies providing goods or services to other state agencies on a cost-reimbursement basis.

The proprietary funds are accounted for on the accrual basis. Under this method, revenues are recorded when earned and expenses at the time liabilities are incurred.

The fiduciary funds represent Trust and Agency Funds which are used to account for assets held by the state in a trust or agency capacity. These funds include:

1. the Expendable Trust Funds - used to account for the activities of trusts whose principal and income may be used for the purposes of the trust;
2. the Nonexpendable Trust Funds - used to account for the activities of trusts whose income is used to fund the trust purpose but whose principal is to be maintained intact;
3. the Pension Trust Fund - used to account for the activities of the state-administered retirement system; and
4. the Agency Funds - used to account for amounts held in custody for others.

Expendable Trust and Agency Funds are accounted for on the modified accrual basis of accounting. Nonexpendable and Pension Trust Funds are accounted for on the accrual basis.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The college and university funds include:

1. Current Funds - used to account for resources that will be expended in the near term for operating purposes of the institutions. These include (a) unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and (b) restricted funds which may be utilized only in accordance with externally-restricted purposes;
2. Fiduciary Funds - used to account for assets held by loan, endowment, life income and agency funds in which the universities act in a fiduciary capacity; and
3. Plant Funds - used to account for institutional property acquisition, renewal, replacement, debt service and investment.

The college and university funds are accounted for on the accrual basis of accounting with the following exceptions:

A. Depreciation expense related to plant fund assets is not recorded; and
B. Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the term is predominantly conducted.

The account group for general fixed assets is maintained to account for all fixed assets acquired or constructed for use by the state, other than those accounted for in the proprietary, fiduciary, and college and university funds.

The account group for general long-term obligations is maintained to account for general obligation bonds outstanding, arbitrage payable, accrued annual and compensatory leave, and capital lease obligations not otherwise recorded in proprietary, fiduciary, and college and university funds.

D. Budgetary Process - Legislation requires the Governor to present his proposed budget to the General Assembly at the beginning of each annual session. Annual budgets are adopted for the general and special revenue funds, except the Community Health Agencies (accounted for as Special Revenue Funds). The General Assembly enacts the budget through passage of specific departmental appropriations, the sum of which may not exceed estimated revenues. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the state's financial plan for the coming year.

Budgetary control is maintained at the departmental level. Budget revisions during the year, reflecting program changes or intradepartmental transfers of an administrative nature, may be affected with certain executive and legislative branch approval. Only the legislature, however, may transfer appropriations between departments.

Unencumbered appropriations lapse at the end of each fiscal year. In order to provide sufficient funding for several programs during the year, supplemental appropriations of $37.2 million were required.

The state's annual budget is prepared on the modified accrual basis of accounting with several exceptions, principally the effect of encumbrance and contract obligations. Because these exceptions represent departures from generally accepted accounting principles (GAAP), actual amounts in the accompanying budgetary comparison statement are presented on the budgetary basis. A reconciliation of the differences between the budgetary and GAAP basis is presented in Note 2B. The budgetary comparison statement includes the General Fund and Special Revenue Funds, except the Community Health Agencies which are not included in the state's budgetary process.

E. Cash and Cash Equivalents - In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements and U.S. Treasury bills, bonds and notes. These investments are stated at cost which at June 30, 1990 approximated market. Collateral, as required by law, is pledged by the various banks and government securities dealers to guarantee state funds placed with them. In addition, the state is custodian for other securities, not reported in the accompanying financial statements, which collateralize contractor/vendor performance.

F. Investments - This classification includes long-term investments, principally the Pension Trust Fund portfolio, which are stated at cost or amortized cost. Debt securities included in this classification are expected to be held to maturity and redeemed at face value. Investments in the Deferred Compensation Fund are valued at market.

G. Receivables - Receivables in the state's governmental and fiduciary funds primarily consist of taxes, interest, and federal revenues, recorded when earned. The remaining governmental fund revenues are not considered susceptible to accrual prior to receipt; accordingly, fees, permits and similar revenues are recognized on the cash basis. Certain Trust Fund receivables, representing taxes and benefits overpayments, have been reduced by an allowance for uncollectibles. Receivables in all other funds have arisen in the ordinary course of business. College and University receivables have also been reduced by an uncollectible allowance.

H. Interfund Transactions - The state basically has four types of interfund transactions, as follows:

1. Services rendered and employee benefit contributions. These transactions are accounted for as revenues, expenditures or expenses in the funds involved.
2. Operating appropriations/subsidies. These are accounted for as operating transfers in the funds involved.
3. Equity contributions. These are accounted for as equity transfers (additions to or deductions from beginning governmental fund balances or proprietary fund contributed capital).
4. College and university interfund borrowings. These transactions represent borrowings of a temporary nature and are reported as assets of the college and university fund making the advance and as liabilities of the fund receiving the advance.

The composition of the state's interfund receivables and payables at June 30, 1990 is presented in Note 2F.

I. Advances to Other Funds - Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

J. Inventories - Inventories of materials and supplies are determined by physical count and are valued at cost.

K. Fixed Assets and Depreciation - General fixed assets are presented in the accompanying financial statements at cost or estimated historical cost. Donated fixed assets are stated at fair market value at the time of donation. Interest during construction has not been capitalized. Also, certain public domain fixed assets (including highways, bridges, highway lands and rights-of-way) are not capitalized. No depreciation is provided on general fixed assets.

Enterprise, Internal Service and Nonexpendable Trust Fund fixed assets are stated at cost. They are being depreciated principally on a straight-line basis over estimated useful lives ranging from 20 to 50 years for Structures and Improvements and 5 to 10 years for Machinery and Equipment. Certain state land and buildings, headquartering several proprietary operations, are reported in the General Fixed Assets Account Group at cost or estimated historical cost as described above. Because of the advanced age of the buildings involved, the omission of these fixed assets and related depreciation is not deemed material to financial position or results of operations of the applicable Enterprise and Internal Service Funds.

Generally, College and University Fund fixed assets are stated at cost and are not depreciated. Because of the magnitude of library holdings, however, it has been the state's policy to value library books at a standard amount per volume, currently $20, which approximates cost.

A statement of changes in general fixed assets for the year ended June 30, 1990 is presented in Note 2D.

L. Accumulated Unpaid Vacation and Sick Pay - The state's liability for accumulated unpaid annual and compensatory time is reported in the accompanying General Long-Term Obligations Account Group for all governmental fund types. In the proprietary fund types and the college and university funds, this obligation is reported as a current liability.

There is no liability in the accompanying financial statements for unpaid accumulated sick leave since it is the state's policy to record the cost of sick leave only when paid. See Note 6A. for disclosure of the amount of this contingency.

M. Fund Balance Reserves and Designations - The state's fund balance reserves represent those portions of fund balance (1) not appropriable for expenditure or (2) legally segregated for a specific future use. In the accompanying Combined Balance Sheet, reserves for related assets such as inventories, petty cash, and prepayments are examples of the former. Reserves for encumbrances, contracts, continuing appropriations and other specific purposes are examples of the latter. The state's fund balance designations reflect tentative plans for future use of financial resources. The General Fund designation for revenue fluctuations, has been established as protection in the event of future revenue shortfalls or expenditure overruns.

N. Totals (Memorandum Only) - Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Comparative Data - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

NOTE 2 - OTHER ACCOUNTING DISCLOSURES

A. Individual Fund Deficits - The following individual funds have deficit retained earnings/fund balances at June 30, 1990 (expressed in thousands):

Enterprise Funds:	
Comprehensive Health Insurance	$ (7,353)
Teacher Group Insurance	$ (5,134)
Property Utilization	$ (774)
Internal Service Funds:	
Employee Group Insurance	$ (7,883)
College and University Funds:	
Unrestricted	$ (17,873)

Increases in fees and charges for services and products are expected to eliminate deficits in fiscal years 1991 and beyond.

B. Budgetary Basis vs. GAAP - The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund and All Special Revenue Fund Types presents comparisons of the legally adopted budget with actual data on a budgetary basis. Since the budgetary and GAAP presentations of actual data differ, a reconciliation of the two is presented below (expressed in thousands).

	General Fund	All Special Revenue Funds
Fund Balances (Budgetary Basis), June 30, 1990	$ 265,059	$ 74,840
Add:		
Reserve for encumbrances and contracts	13,905	262,780
Unbudgeted clerk fee income	84	
Unbudgeted Community Health Agencies		132
Highway construction appropriations carried forward		73,964
Fund Balances (GAAP Basis), June 30, 1990	$ 279,048	$ 411,716

C. Fund Equity Restatement - During fiscal year 1990, the state changed the fund classification of the Employee Group Insurance and Teacher Group Insurance from Expendable Trust Funds to an Internal Service Fund and an Enterprise Fund respectively. During fiscal year 1990, the state restated the beginning fund balance of the Public Service Commission, a Special Revenue Fund. This change was made to correct an error in establishing deferred revenue for licenses. In addition, the state restated the beginning fund equity of the Tennessee State School Bond Authority and the Employee Group Insurance, Internal Service Funds. These changes were made to correct errors in establishing receivables in the statements for June 30, 1989.

These changes have been reported in the accompanying financial statements by restating beginning fund equity as shown below (expressed in thousands).

	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	All Fund Types and Account Group Totals (Memorandum Only)
Fund Equity as previously reported June 30, 1989	$ 379,530	$138,866	$ 85,624	$ 7,891,954	$ 12,402,581
Errors in Establishing Accounts Receivable			556		556
Error in Establishing Deferred Revenue	503				503
Reclassification of Employee Group Insurance			(1,788)	1,788	-
Reclassification of Teacher Group Insurance		(1,305)		1,305	
Fund Equity as restated June 30, 1989	$ 380,033	$137,561	$ 84,392	$ 7,895,047	$ 12,403,640

D. General Fixed Assets - A statement of changes in general fixed assets for the year ended June 30, 1990 is shown below (expressed in thousands).

	Land	Structures and Improvements	Machinery and Equipment	Construction in Progress	Totals
Balance, July 1, 1989	$81,587	$707,532	$213,744	$106,173	$ 1,109,036
Additions	9,351	182,620	38,599	58,407	288,977
Deductions	(11,897)	(151,216)	(11,729)	(135,944)	(310,786)
Balance, June 30, 1990	$79,041	$738,936	$240,614	$28,636	$1,087,227

E. Segment Information - Segment financial information for the state's Enterprise Funds for the year ended June 30, 1990 is presented below (expressed in thousands). These enterprise funds provide the following types of goods or services (in the order shown below): Housing loans, local government loans, sewage treatment loans, sewage treatment facilities loans, insurance, small business energy loans, inactive, nursing home, insurance, property distribution, and inactive.

	Tennessee Housing Development Agency	Local Development Authority	State Loan Program	Sewer Treatment Loan
Operating Revenues	$ 142,367	$ 9,065	$ 4,233	$ 638
Depreciation and Amortization	248	140		
Operating Income (Loss)	15,442	571	659	638
Operating Grants, Entitlements, and Shared Revenues	22,542			269
Operating Transfers In		25		
Operating Transfers Out			4,000	
Tax Revenues	7,705			
Assessments				
Net Income (Loss)	18,967	596	(3,341)	638
Current Capital Transfers				7,846
Property, Plant and Equipment:				
Additions	38			
Deletions				
Net Working Capital	195,456	(30,811)	4,898	8,238
Total Assets	1,715,872	115,525	62,560	15,275
Bonds and Other Long-Term Liabilities Payable from Operating Revenues	1,459,923	50,132	54,345	
Total Equity	140,915	5,166	3,301	14,891

Comprehensive Health Insurance	Small Business Energy Loan Program	Housing Rehabilitation Corporation	Veterans' Nursing Home	Teacher Group Insurance	Property Utilization	State Employees Cafeteria	Totals
$ 10,264	$ 15	$ 60	$ 150	$ 35,939	$ 1,760		$204,491
			3		13		404
(8,348)	15	60	(53)	(3,829)	(292)		4,863
	312		100				23,223
							25
		723					4,723
							7,705
2,867							2,867
(5,481)	327	(663)	47	(3,829)	(292)		6,969
			956		265	$ (21)	9,046
			1,505		16		1,559
					18	226	244
(7,353)	127		2,157	(5,134)	47		167,625
1,344	531		4,393	6,171	427		1,922,098
			2,715				1,567,115
(7,353)	531		1,037	(5,134)	195		153,549

F. Interfund Accounts - A summary of interfund receivables and payables at June 30, 1990 is shown below (expressed in thousands).

	RECEIVABLES						
		Special Revenue Funds			Enterprise Funds		Internal Service Funds
PAYABLES	General Fund	Highway Fund	Community Health Agencies	Capital Projects Fund	Veterans' Nursing Home	Property Utilization	Motor Vehicle Management
General			$ 51				
Special Revenue:							
Highway							
Wildlife Resources Agency							
Driver Education							
Hazardous Waste							
Community Health Agencies	$ 25						
Capital Projects							
Enterprise:							
Housing Development Agency							
Veterans' Nursing Home				$ 549			
Property Utilization							
Internal Service:							
Office of Information Resources							
Motor Vehicle Management							
General Services Printing							
Postal Services							
Trust and Agency:							
Local Government Investment		$ 52	165	10,378	$ 2,353		
Student Assistance Corporation							
Chairs of Excellence							
College and University Funds	92	70				$ 12	$ 21
Totals	$ 117	$ 122	$ 216	$10,927	$ 2,353	$ 12	$ 21

RECEIVABLES

Trust and Agency Funds								
Employment Security	Local Government Investment	Employee Flexible Benefits	Student Assistance Corporation	Pension Trust	Contingent Revenue	Deferred Compensation	College and University Funds	Totals
$ 141	$ 134	$ 67		$ 2,569	$ 3,960	$ 120		$ 7,042
		6		396	608	17		1,027
		1		43	67	4		115
				1	1			2
				4	6			10
								25
							$ 5,218	5,218
		1		8	12			21
								549
				4	6			10
		2		27	42	1		72
				3	4			7
				6	9			15
				2	4			6
							138,743	151,691
				2	4			6
			$ 3,168					3,168
				4,187		36	4,984	9,402
$ 141	$ 134	$ 77	$ 3,168	$ 7,252	$ 4,723	$ 178	$ 148,945	$ 178,386

G. Fund Balance Reserves and Designations - Specific purpose reserves represent current and past legislative appropriations requiring year-end segregation. A summary of the nature and purpose of these reserves at June 30, 1990 by fund type follows (expressed in thousands).

Reserved for Other Specific Purposes	General	Special Revenue	Capital Projects	Trust and Agency	College and University
Capital Outlay			$ 13,888		$ 42,061
Highway Construction		$ 73,964			
Wildlife Resources Program		17,936			
Hazardous Waste Program		4,664			
Criminal Injuries Program		9,065			
Underground Storage Tanks		7,880			
Drunk Driver Victim Compensation		9,396			
Unemployment Compensation Benefits				$ 734,480	
Pension Benefits				8,020,649	
Restricted Gifts, Grants and Contracts					234,023
Student Loan Program				26,860	
Higher Education Chairs of Excellence				107,288	
Other Non-Lapsing and Special Revenue Programs	3,291	6,869		19,744	
Totals	$ 3,291	$129,774	$ 13,888	$8,909,021	$ 276,084

The General Fund designation for other specific purposes represents the following appropriations made by the Legislature to carry out tentative managerial plans for fiscal year 1991 (expressed in thousands):

Future Capital Projects and Other Non-Recurring Projects	$ 67,650
Casualty Losses	5,000
Industries for the Blind	178
Clerk Fee Account	25
	$ 72,853

H. Accounts and Notes Receivable - As of June 30, 1990, certain Trust Fund receivables of $78 million, representing taxes and benefit overpayments, have been reduced by $14 million allowance for uncollectibles. Agency Fund receivables of $125 million have been reduced by $4 million allowance for uncollectibles. College and University receivables of $207 million have been reduced by a $55 million uncollectible allowance.

NOTE 3 - NOTES, BONDS AND CAPITAL LEASE OBLIGATIONS PAYABLE

Notes and bonds payable at June 30, 1990 are shown below.

	Amount (in Thousands)	
	Notes	Bonds
Enterprise Funds:		
General obligation bonds, 4.875% to 7.5%, due in generally decreasing amounts of principal and interest ranging from $7 million in 1991 to $1 million in 2010		$ 57,540
Tennessee Local Development Authority revenue bonds, 4% to 9.4%, due in decreasing amounts of principal and interest from $6 million in 1991 to $1 million in 2015		51,282
Tennessee Local Development Authority revenue bond anticipation notes, 6.3%, due May 1991	$ 55,164	
Veterans' Nursing Home Board Revenue Bonds, 1989 series, 6.3% to 7.5%, due in amounts of principal and interest ranging from $232 thousand in 1992 to $114 thousand in 1991		2,515
Tennessee Housing Development Agency mortgage finance program revenue bonds, various Series, 5% to 14%, due in amounts of principal and interest ranging from $159 million in 2008 to $13 million in 2022		1,493,688
Total Enterprise Funds	55,164	1,605,025
Internal Service Funds:		
Tennessee State School Bond Authority 1987 refunding revenue bonds, 4.0% to 6.75%, crossover date May 1, 1992, principal and interest due in amounts ranging from $6.5 million in 1994 to $4.4 million in 1992.		68,845
General Long-Term Debt:		
General obligation bonds, 0.1% to 8.4%, due in decreasing amounts of principal and interest from $94 million in 1991 to $2 million in 2009		536,569
College and University Funds:		
Capital outlay notes, 63% of the prime rate, maximum 11%, due serially to 1992	2,316	
Tennessee State School Bond Authority bond anticipation notes, variable daily demand rate, due 1993	34,616	
Tennessee State School Bond Authority revenue bonds, various Series, 4.1% to 9.625%, due in decreasing amounts of principal and interest from $20 million in 1991 to $6 million in 2012		187,758
Tennessee State School Bond Authority 1985 daily demand bonds, maturing to 1999		9,600
Tennessee State School Bond Authority 1985 Tax-Exempt Exchangeable Securities, maturing to 2015		31,495
Tennessee State School Bond Authority 1989 Current Interest and College Savings Bonds, Maturity 2020		37,565
Non-Authority revenue bonds, 2.75% to 5%, due in generally decreasing amounts of principal and interest from $544 thousand in 1991 to $82 thousand in 2005		4,708
Total College and University Funds	36,932	271,126
Total Notes and Bonds Payable	$ 92,096	$2,481,565

The full faith and credit of the state, together with certain tax revenues, are pledged to secure all general obligation notes and bonds listed above. Although the Enterprise Fund general obligation debt is being retired from resources of that fund (State Loan Program Fund), the state remains contingently liable for its payment. The revenue notes and bonds listed above are not obligations of the state. They are secured by pledge of resources from the facilities to which they relate and by certain other revenues, fees and assets of the Tennessee Local Development Authority (TLDA), the Tennessee Housing Development Agency (THDA), the Tennessee State School Bond Authority (TSSBA), the Veterans' Nursing Home and the various colleges and universities.

Variable rate daily demand bonds. Included in the College and University Funds revenue bonds is $9.6 million of variable rate daily demand bonds issued by the TSSBA in 1985. The proceeds were used to (1) provide funding for hospital equipment at the University of Tennessee, (2) establish a debt service reserve fund in accordance with the general bond resolution, and (3) pay costs incurred to issue the bonds. The bonds are scheduled to mature on May 1, 1999. However, it is the intent of the University of Tennessee to retire the debt on May 1, 1993. The University of Tennessee, under a separate agreement with the escrow agent, has deposited monies to fulfill monthly interest requirements prior to the semi-annual payment dates. Under terms of the general bond resolution, these monthly obligations are not recognized as authority transactions until the semi-annual payment dates. The bonds are subject to purchase by the remarketing agent on the demand of the holder on any business day, pursuant to the conditions set forth in the Official Statement. The remarketing agent, Morgan Guaranty Trust Company of New York, is authorized to use its best efforts to sell the repurchased bonds. Under a standby bond purchase agreement, the commitment to purchase bonds shall terminate on the earlier of (i) May 1, 1993, or (ii) the close of business on the effective date of the conversion of the Bonds to the Fixed Interest Rate. Morgan Guaranty is required to pay the purchase price of the bonds if it is unable to resell any bonds that are "put". Generally, the interest rate paid to the bank during the period it holds the bonds will be the prime lending rate. The authority is obligated to pay Morgan Guaranty .25% per annum of the daily outstanding balance to maintain the standby liquidity.

Tax-Exempt Exchangeable Securities. The $31.495 million TSSBA bond issue above represents (1) $1.595 million of bonds maturing serially through 1993 at interest rates ranging from 7.0% to 7.3%; and (2) $29.9 million of tax-exempt exchangeable securities, maturing in 2015, at 7%, requiring increasing sinking fund payments from 1994 to 2015. Beginning November 1988 and semi-annually thereafter, however, each holder of the 7% securities may exercise a one-time election to convert to another interest rate, not to exceed 10%, as established by an independent municipal securities evaluation service pursuant to a prescribed formula.

Notes. TSSBA notes payable of $34.616 million consist of monies drawn from a changeable annual multiple put security agreement (CHAMPS) with Chemical Bank of New York to fund projects under construction. Under the CHAMPS agreement, the notes may bear interest at a variable rate (daily, weekly, or multiannual) or at a continuously adjustable rate determined by the remarketing agent, Chemical Bank, for periods selected by the authority. Currently, interest is payable monthly at the institution's prime daily lending rate. The notes are subject to purchase by the remarketing agent on the demand of the holder on any business day pursuant to the conditions set forth in the Official Statement. The remarketing agent is authorized to use its best efforts to sell the repurchased notes. If it is unable to resell any notes that are "put", Fuji Bank, Limited, New York Branch, under the standby note purchase agreement, is required to buy the notes. Fuji Bank, subject to its right to resell the notes, may hold the notes until March 1, 1993 (the note maturity date). It is expected that a portion of these notes will be replaced with bonds at the end of the construction period. The authority is obligated to pay Fuji Bank .1% of the utilized commitment and .05% of the unutilized commitment on a quarterly basis to maintain the standby liquidity.

As indicated above, substantially all notes payable at June 30, 1990 are due within one year. Debt Service requirements to maturity for all general obligation and revenue bonds payable at June 30, 1990 are as follows (expressed in thousands):

For the Year(s) Ended June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Total Requirements
1991	64,212	36,150	45,721	133,030	279,113
1992	59,572	32,572	51,572	135,584	279,300
1993	53,226	29,304	58,795	134,500	275,825
1994	53,391	26,179	56,425	130,468	266,463
1995-1999	183,530	89,943	316,053	602,996	1,192,522
2000-2004	122,280	41,125	330,919	465,982	960,306
2005-2009	56,573	8,193	338,734	539,357	942,857
2010-2014	1,325	99	295,120	510,521	807,065
2015-2019			269,426	237,909	507,335
2020-2022			96,177	4,892	101,069
	$594,109	$263,565	$1,858,942	$2,895,239	$5,611,855

The above principal for revenue bonds is less than that presented on the accompanying financial statements by $28,603. This presents accretion to date of interest on deep discount bonds and the write-off of discounts in those years preceding the first principal payment on these bonds.

In prior years, the TLDA defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust with the State Treasurer to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are included in the state's financial statements in an agency fund, but are not recorded as assets or liabilities of TLDA. On June 30, 1990, $36.666 million of bonds outstanding are considered defeased.

Debt Refunding. Proceeds of the $70.686 million TSSBA 1987 refunding bond issue were placed in irrevocable trust for the redemption of the outstanding bonds of the 1983 Series A issue maturing after May 1, 1992. This issue represents an advance refunding investment through May 1, 1992, during which time both issues will be reported in the state's financial statements. In the crossover year, the proceeds from this investment will be used to retire all the outstanding 1983 Series A bonds. The refunding was to take advantage of lower interest rates in effect at the time of the transaction. The cumulative savings to the authority and to the educational institutions resulting from the refunding were $22.186 million for the refunding of $65.975 million of the 1983 Series A Bonds maturing after May 1, 1992. (The net present value savings of the refunding was $8.827 million.) During the period prior to defeasance, the educational institutions will continue to provide funds necessary to meet the debt service requirements of the refunded issue. Interest earnings from the investment will be used to satisfy the debt requirement of the refunding issue during this period. Earnings in excess of such requirement will be deposited in a special reserve account and will be applied to meet applicable call premiums. Proceeds of the $70.686 million 1987 refunding bond issue were invested in United States Treasury Notes - State and Local Government Series maturing May 1, 1992.

A summary of changes in general long-term obligations for the year ended June 30, 1990 follows (expressed in thousands).

	Balance, July 1, 1989	General Obligation Bonds Issued	General Obligation Bonds Retired	Other Changes in General Long-Term Obligations	Balance, June 30, 1990
General Obligation Debt Payable	$ 554,236	$ 46,000	$ 63,667		$ 536,569
Arbitrage Rebate Payable				$ 4,891	4,891
Accrued Annual and Compensatory Leave	97,671			7,628	105,299
Capital Lease Obligations	28			(19)	9
Total General Long-Term Obligations	$ 651,935	$ 46,000	$ 63,667	$ 12,500	$ 646,768

Bond sales during the year ended June 30, 1990 included the following issues:

July 1989 - General Obligation Bonds of $46 million.
September 1989 - THDA revenue bonds of $84 million.
April 1990 - THDA revenue bonds of $75 million.
June 1990 - THDA revenue bonds of $13 million.

The July 1989 $46 million General Obligation bond issue above represents $46 million of bonds maturing serially through 2009 at interest rates ranging from 6.35% to 7.3%.

The September 1989 $84 million THDA bond issue above represents (1) $21.58 million of bonds maturing serially through 2005 at interest rates ranging from 6.4% to 7.5%; and (2) $62.42 million of term bonds due 2009 and 2020, carrying interest rates ranging from 7.7% to 7.75%.

The April 1990 $75 million THDA bond issue above represents (1) $5.69 million of bonds maturing serially through 1999 at interest rates ranging from 6.85% to 7.0%; (2) $57.46 million of term bonds due as follows: $22.46 million at 7.7% due 2016, $35 million at 7.95% due 2022; and (3) $11.85 million of deep discount bonds, maturing in 2010, requiring increasing sinking fund payments from 2000 through 2010.

The June 1990 $13 million THDA bond issue above represents term bonds due as follows: $9 million at 9.08% due 1996, and $4 million at 9.12% due 1997.

Extraordinary items - Losses on early retirement of bonds are as follows:

THDA bonds payable were retired at par before maturity in the year ended June 30, 1990 in the Single Family Program Bonds in the amount of $31.513 million and in the Homeownership Program Bonds in the amount of $15.995 million. The carrying values of those bonds were $30.996 million and $15.745 million, respectively. This resulted in losses to the respective bond groups of $518 thousand and $250 thousand.

Under the bond resolutions, the Agency has the option to redeem bonds at an initial price of 103 percent and subsequently at prices declining to par. Generally, the redemption option cannot be exercised prior to the time the bonds have been outstanding for ten years. Certain special redemption options, as governed by the bond resolutions, are permitted prior to that time.

The bonds are secured, as described in the applicable bond resolutions, by the revenues, monies, investments, mortgage loans and other assets in the funds and accounts established by the resolutions.

Subsequent to June 30, 1990, THDA completed revenue bond sales in August for $78.6 million and in September for $72.4 million; TSSBA completed a $7.73 million bond sale in December.

A summary of general obligations bonds authorized and unissued at June 30, 1990 is shown below (expressed in thousands). It is anticipated that a significant amount of these bonds will not be issued but will be canceled because of sufficient fund balances.

Purpose	Unissued July 1, 1989	Authorized	Sold	Canceled	Unissued June 30, 1990
Sewage Treatment	$ 20,680				$ 20,680
Waterworks	31,520				31,520
Highway	386,100	$ 65,000		$ 8,200	442,900
Education	82,195	61,043	$ 5,179		138,059
Correction	102,336	39,824	13,865		128,295
General Services	15,000				15,000
General Government	56,207	25,502	20,367	2,800	58,542
Other	15,462	15,031	6,589		23,904
Totals	$ 709,500	$ 206,400	$ 46,000	$ 11,000	$ 858,900

Arbitrage Rebate Payable. Under the Internal Revenue Service Code issuers of state and local government bonds are required to rebate to the federal government arbitrage profits earned on those bonds in certain circumstances. The February 1987 general obligation bond issue is subject to this rebate requirement. The first payment date for these monies will be April 1992; therefore, this payable is not a fund liability and has been reported in the General Long Term Obligation Account Group. As of June 30, 1990, the rebate due to be paid is $4.9 million. The $46 million general obligation bonds issued in July 1989 are presently not subject to this arbitrage rebate requirement.

Capital lease obligations for facilities and equipment are payable from resources of the General and College and University Funds. Debt service requirements to maturity for all capital lease obligations payable at June 30, 1990 are as follows (expressed in thousands):

For the Year(s) Ended June 30	Lease Obligations Payable
1991	$ 897
1992	837
1993	362
1994	225
1995	225
1996-1997	219
Total Minimum Lease Payments	2,765
Less - Interest (4.2% to 12%) and Executory Costs	300
Present Value of Future Minimum Lease Payments	$ 2,465

NOTE 4 - PENSION PLANS

A. Tennessee Consolidated Retirement System - The Tennessee Consolidated Retirement System (TCRS) is a defined benefit, agent multiple-employer public employee retirement system. Members of the system consist of teachers and general employees of the state, higher education employees and employees of participating political subdivisions. The State of Tennessee is responsible for the retirement benefits of state employees, higher education employees and teachers, while participating political subdivisions are responsible for the retirement benefits provided their employees.

Membership in the system is mandatory for state employees, teachers and employees of participating political subdivisions. At June 30, 1990 the number of participating local government employers and the TCRS membership was:

Cities	109	Retirees and beneficiaries currently receiving benefits	52,697
Counties	82	Terminated members entitled to benefits but not yet receiving them	4,731
Utility Districts	24		
Special School Districts	19	Current members:	
		Vested	71,020
Joint Ventures	19	Nonvested	84,779
Other	45	Total	213,227
Total	298		

The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 10 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the system on or after July 1, 1979 become vested after 10 years of service, and members joining prior to July 1, 1979 were vested after 4 years of service. Benefit provisions are established and amended by state statute.

Effective July 1, 1981 the retirement system became noncontributory for most state and higher education employees. Political subdivisions may elect contributory or noncontributory retirement for their employees. The contribution rate is 5 percent of gross salary for teachers and contributory employees of political subdivisions. In addition, the employers contribute a set percentage of their payroll determined by an actuarial valuation. State statute provides that the contribution rates be adopted by the Board of Trustees of the TCRS.

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the TCRS on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the system.

The pension benefit obligation was determined as part of an actuarial update at June 30, 1990. Significant actuarial assumptions used include (a) a rate of return on investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 7 percent (6 percent due to inflation and 1 percent due to merit increases) per year compounded annually, (c) a projected 6 percent annual increase in the Social Security wage base, and (d) projected post retirement benefit increases of 3 percent of the retiree's initial benefit.

At June 30, 1990 net assets exceeded the pension benefit obligation by $219.3 million as follows (in millions):

	State	Political Sub-Divisions	Total
Pension benefit obligation:			
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	$2,535.1	$ 302.2	$2,837.3
Current employees:			
Accumulated employee contributions including allocated investment earnings	1,269.5	219.8	1,489.3
Employer-financed vested	2,945.1	300.7	3,245.8
Employer-financed nonvested	200.6	28.3	228.9
Total pension benefit obligation	$6,950.3	$ 851.0	$7,801.3
Net assets available for benefits at cost or amortized cost (market value is $8,757.2)	$7,083.5	937.1	8,020.6
Assets in excess of pension benefit obligation	$ (133.2)	$ (86.1)	$ (219.3)

It is the policy of the State to fund pension benefits by actuarily determined contributions which are intended to provide funding for both the normal liability cost and the unfunded actuarial accrued liability cost, so that sufficient assets will be available to pay benefits when due. The frozen initial liability method, a projected benefit cost method, is used to value the plan. The employer contributions include funding a cost-of-living provision and amortization of the accrued liability using the level dollar contribution method over a 40 year closed period which began in 1975. A 30 year amortization period is used for political subdivisions joining the system after June 30, 1983.

For the year ended June 30, 1990, contributions totaling $452.7 million were made in accordance with contribution requirements determined through an actuarial valuation performed at June 30, 1987. Significant actuarial assumptions used to compute contribution requirements are not the same as those used to compute the standardized measure of the pension obligation discussed above because the new assumptions adopted by the Board of Trustees were incorporated in the June 30, 1989 valuation. This valuation computed the contribution rates that became effective July 1, 1990. Significant actuarial assumptions for contribution rates that are different than the assumptions above are the rate of return of 8 1/2 percent instead of 8 percent and projected salary increases of 8 percent instead of 7 percent. The state contributed $324.7 million (11.5 percent of current covered payroll) to the plan and state employees and teachers contributed $73.0 million (2.6 percent of current covered payroll). The covered payroll for employees by the TCRS for whom the state is responsible for the year ended June 30, 1990 was $879.6 million for state employees, $500.0 million for higher education employees and $1,447.9 million for teachers. The covered payroll for political subdivisions was $641.3 million. Total payroll for the state employees was $882.8 million, and $854.8 million for higher education employees. Political subdivisions contributed $32.0 million to the plan and employees of political subdivisions contributed $23.0 million. These contributions consisted of (a) $307.0 million normal cost (8.9 percent of current covered payroll) and (b) $145.7 million amortization of the unfunded actuarial accrued liability (4.2 percent of current covered payroll).

Trend information designed to give an indication of the progress made by the state in accumulating sufficient assets to pay benefits when due is presented below (expressed in millions):

Fiscal Year	(1) Net Assets Available for Benefits	(2) Pension Benefit Obligation	(3) Percentage Funded (1)-(2)	(4) Unfunded Assets in Excess of P.B.O. Obligation (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded Assets in Excess of P.B.O. as a Percentage of Covered Payroll (4)-(5)
1988	5,631.1	5,691.2	98.9%	60.1	2,456.3	2.4%
1989	6,248.8	6,351.9	98.4%	103.1	2,655.1	3.9%
1990	7,083.5	6,950.3	101.9%	(133.2)	2,827.5	(4.7)%

In addition, for the three years ended 1988, 1989 and 1990, the state's contributions to the TCRS, all made in accordance with actuarially determined requirements, were 13.8, 11.6 and 11.5 percent respectively of annual covered payroll.

Ten year historical trend information for the retirement system as a whole is presented in the TCRS component unit annual financial report for the year ended June 30, 1990. Revenue and expense trend information for the total retirement system is provided in this report as required supplementary information.

B. Other than TCRS - Eligible faculty of the various state universities and community colleges may elect to become members of either TIAA-CREF, a privately-administered defined contribution retirement plan, or the TCRS. The state assumes no liability for this group of TIAA-CREF members other than payment of contributions. State statute requires the state supported institutions to make contributions to TIAA/CREF at the rate of ten percent of gross salary below the social security wage base and eleven percent of gross salary above the social security wage base. During the year ended June 30, 1990 the state contributed $30.9 million (10.07% of current covered payroll) to the TIAA-CREF plan. The total current year covered payroll was $306.7 million.

A second, now-closed group of University of Tennessee faculty also participates in TIAA-CREF with certain supplemental benefits guaranteed by the state. Prior to 1978 these guaranteed benefits were funded by the university on a pay-as-you-go basis; they since have been assumed by the TCRS and are included in the June 30, 1989 actuarial calculations disclosed in A. above.

C. Deferred Compensation - The state offers its employees two deferred compensation plans, one established pursuant to IRC Section 457 and the other pursuant to IRC Section 401 (k). All costs of administering and funding these programs are the responsibility of plan participants.

Section 457 plan balances have been reported in the accompanying financial statements in an Agency Fund at June 30, 1990. All amounts of compensation deferred under this plan, all property purchased with those amounts, and all income attributable thereto are, until paid or made available to the employee or other beneficiary, solely the property of the state, subject only to claims of the state's general creditors. Participants' rights under the plan are the same as those of general creditors in an amount equal to the fair market value of their deferred accounts. The state has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The state believes it is unlikely that it will use these assets to satisfy such claims in the future.

Since Section 401(k) plan assets remain the property of the contributing employees, they are not presented in the accompanying financial statements. An IRC Section 401 (k) plan is considered to be a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. IRS Section 401 (k) establishes participation, contribution and withdrawal provisions for the plan. During the year ended June 30, 1990, contributions totaling $4.873 million were made by employees participating in the plan. The current covered payroll for participating employees was $60.9 million while the total payroll for all state employees during the year was $882.8 million.

D. Post Retirement Health Insurance Benefits - The state offers an opportunity to its employees and eligible retirees to participate in a self-insured indemnity policy or health maintenance organizations. The indemnity policy provides benefits to plan participants in a comprehensive, major medical format involving a $200 calendar year deductible and a $1,000 per individual out-of-pocket limit. The plan incorporates typical provisions relating to utilization review, medical necessity, pre-existing conditions, coordination of benefits and subrogation of expenses. The plan offers benefit incentives for the use of designated providers and the plan maintains limitations on benefits provided for the treatment of mental illness and substance abuse.

Retirees who are not yet eligible for Medicare benefits may continue participation in the Plan subject to certain length of service and participation requirements. Upon Medicare eligibility, the retiree is afforded the opportunity to participate in a fully-insured supplement policy not associated with the Plan. The state pays a service determined amount for retirees who participate in the state sponsored Medicare supplement policy.

The funds collected for the Plan's operation are recorded in the employee group insurance account. The plan's premiums are intended to fund benefits on a pay-as-you-go basis and no specified reserves have been established to fund post retirement health benefits. Current retiree premium rates are approximately 50 percent of the plan's total premium rates; the state provides no direct funding of post retirement health benefits.

During the 1989-90 fiscal year, the plan provided approximately $6.5 million in benefits to retired employee participants.

NOTE 5 - DEPOSITS AND INVESTMENTS

A. Investment Policy - The Pooled Investment Fund administered by the State Treasurer is authorized by statute to invest funds in accordance with policy guidelines approved by the State Funding Board. The current resolution of that Board gives the Treasurer approval to invest in collateralized certificates of deposit in authorized state depositories, bonds, notes and bills of the United States Treasury or other obligations guaranteed as to principal and interest by the United States or any of its agencies and in repurchase agreements for obligations of the United States or its agencies which are fully guaranteed as to principal and interest by the United States. Prime Commercial Paper and Prime Banker's Acceptances were added to the list of authorized instruments in 1989. This resolution states further that except for short term distortions created by unexpected system withdrawal and as otherwise provided in this section, maturities of the State Pooled Investment Fund shall not exceed one year. Provided however, an amount not to exceed the lesser of $300 million or twenty percent (20%) of the book value of the State Pooled Investment Fund at the time such investments are made, may be invested in maturities greater than one year but not greater than five years. The State Pooled Investment Fund is also authorized by policy to contractually loan securities to investment brokers. The contract for a security loan provides that the State Investment Pool loan specific securities from its holdings to the broker in return for collateral securities. The loaned securities are collateralized at 102 percent of their market value. The collateral is maintained by a third-party custodian. The State Pooled Investment Fund receives a fee from the broker for the use of the loaned securities. Securities on loan are restricted to U. S. Treasury Notes by contract. At June 30, 1990 the market value including accrued interest, of State Pooled Investment Fund securities on loan to brokers was $559 million and the market value including accrued interest of collateral pledge for the securities on loan was $570 million.

Prior to May 1990, statutes required that collateral have a face value of one hundred ten percent (110%) of the value of the state deposit secured thereby and a market value of one hundred percent (100%) of the value of the state deposit secured thereby less so much of such amount as is protected by the federal deposit insurance corporation or the federal savings and loan insurance corporation. Beginning May 1990, statutes require that state deposits be secured by collateral securities with a market value of 105% of the face of the deposit secured thereby after considering the applicable FDIC coverage. In addition, statutes require that financial institutions with a capital to asset ratio of less than five percent must pledge an additional $100,000 of collateral securities. Certificates of deposit are not placed or renewed with a financial institution until adequate collateral is pledged. Open accounts maintained for deposit of state revenues are collateralized on an estimate of the average daily balance in the account based on previous balances and monitored for variation to actual balances.

The Treasurer is required, by statute, to evaluate the market value of required collateral monthly, and more frequently if market conditions require. Further, statutes provide the Commissioner of Financial Institutions to advise, on a timely basis, the Treasurer and the Commissioner of Finance and Administration of the condition of each state bank and state chartered savings and loan association, including his recommendations regarding its condition and safety as a state depository. Similar provisions apply to federally chartered banks and savings and loan associations designated as state depositories. This process ensures that institutions whose financial status is uncertain are monitored for collateral sufficiency.

The following funds also make investments following these same basic guidelines: colleges and universities, Tennessee State School Bond Authority, Local Development Authority, and Tennessee Housing Development Agency. The Pension Fund, in addition to the guidelines outlined for the Pooled Investment Fund, may invest in long-term investments. The Pension Fund may invest in bonds, debentures, preferred stock and common stock, and other good and solvent securities subject to the Pension Board of Trustees approval. The Board has also authorized limited investments of securities in some foreign countries.

B. Deposits - The Governmental Accounting Standards Board (GASB) Statement 3 requires deposits with Financial Institutions to be categorized to indicate the level of risk assumed by the state as defined in GASB Statement 3. Category 1 consists of deposits that are insured or collateralized with securities held by the state or by its agent in the state's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the state's name. Category 3 deposits are uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agency but not in the state's name.

At year end, the carrying amount of deposits in all funds except colleges and universities was $527.034 million and the bank balance, including accrued interest, was $547.597 million. Of the bank balance, $547.220 million was (category 1) covered by insurance or collateral (valued at market) held in the state's name by independent custodial banks or segregated in the Federal Reserve Bank in the state's name, $3 thousand was (category 2) held by an agent in the state's name, and $374 thousand was (category 3) uninsured and uncollateralized.

At year end, the carrying amount of deposits for colleges and universities was $35.149 million and the bank balance was $65.926 million. Of the bank balance, $60.066 million was (category 1) covered by insurance or collateral (valued at market) held in the school's name by independent custodial banks or segregated in the Federal Reserve Bank in the school's name, $4.205 million was (category 2) held by an agent in the school's name, and $1.654 million was uninsured and uncollateralized. The carrying value of deposits includes $5.358 million of long-term certificates of deposits. In addition, $29.403 million of cash on deposit with fiscal agent is shown as long-term investments.

C. Investments - The Governmental Accounting Standards Board Statement 3 also requires investments to be categorized to indicate the level of risk assumed by the state. Category 1 consists of investments that are insured or registered or for which the securities are held by the state or its agent in the state's name. Category 2 consists of uninsured and unregistered investments for which the securities are held by the counterparties' trust department or agent in the state's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparties' trust department or agent but not in the state's name. Investments are categorized below for all funds except the colleges and universities (Expressed in thousands):

PENSION TRUST, POOLED INVESTMENT, TENNESSEE HOUSING DEVELOPMENT AGENCY AND OTHER FUNDS

	Category			Carrying Amount	Market Value 6/30/90
	1	2	3		
Short-Term Investments					
Commercial Paper	$ 460,565			$ 460,565	$ 461,738
Repurchase Agreements	478,996			478,996	478,997
Government Securities	825,315			825,315	818,955
Corporate Securities	138,548			138,548	138,548
Total Short-Term Investments	1,903,424			1,903,424	1,898,238
Long-Term Investments					
Domestic Securities					
Government Securities	1,993,428			1,993,428	2,056,753
Corporate Bonds	2,123,523			2,123,523	2,115,017
Corporate Stocks	2,242,018			2,242,018	2,866,234
Mortgages	1,658			1,658	1,541
Other	7,769			7,769	7,769
International Securities					
Government Bonds	202,476			202,476	189,241
Corporate Bonds	112,635			112,635	108,679
Corporate Stocks	394,987			394,987	416,715
American Depository Receipts	34,477			34,477	41,300
Currency (Loss)					46,693
Total Long-Term Investments	7,112,971			7,112,971	7,849,942
	$9,016,395			$ 9,016,395	$9,748,180
Investments Held by Broker-Dealers Under Securities on Loan Contracts - Government Bonds				790,038	798,851
Investments in Deferred Compensation				51,174	51,174
Unemployment Compensation Pool in Washington, D.C.				681,295	681,295
Total Investments				$10,538,902	$11,279,500

The investments for the colleges and universities are categorized below (Expressed in thousands):

	Category			Carrying Amount	Market Value 6/30/90
	1	2	3		
Short-Term Investments					
Commercial Paper	$ 13,760			$ 13,760	$ 13,852
Repurchase Agreements	30,000	$ 1,900		31,900	31,900
Government Securities	50,127	1,459		51,586	51,850
Other	981			981	987
Total Short-Term Investments	94,868	3,359		98,227	98,589
Long-Term Investments					
Domestic Securities					
Government Securities	101,121	29,806	$1,636	132,563	133,513
Corporate Bonds	17,938	399	1,287	19,624	19,450
Corporate Stocks	47,662	147	560	48,369	61,883
Mortgages	1,834	17		1,851	1,860
Real Estate	4,929			4,929	4,929
Other	158	591	561	1,310	1,314
International Securities					
Government Bonds	572			572	556
Corporate Stocks	770			770	737
Total Long-Term Investments	174,984	30,960	4,044	209,988	224,242
	$ 269,852	$34,319	$4,044	308,215	322,831
Limited Partnership-Venture Capital Funds				2,797	2,797
Real Estate Equity				2,439	2,439
International Equity				2,250	3,091
Mutual Funds				1,696	1,895
Total Investments				$ 317,397	$ 333,053

NOTE 6 - COMMITMENTS AND CONTINGENCIES

A. Sick Leave - It is the state's policy to record the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent due to illness, injury or related family death, there was no liability for sick leave at June 30, 1990. The estimated accumulated amount of unused sick leave at that date was $466 million.

B. Operating Leases - The state has entered into various operating leases for land, buildings and equipment. All leases contain termination clauses providing for cancellation after 30, 60 or 90 days' written notice to lessors. In addition, all leases contain appropriation clauses indicating that continuation of the lease is subject to funding by the legislature. It is expected that in the normal course of business most of these leases will be replaced by similar leases. The State's colleges and universities have entered into various operating leases which have noncancelable lease terms. Below is a schedule of future minimum lease payments under these leases (expressed in thousands).

For the Year(s) Ended June 30	Noncancelable Operating Leases
1991	$ 3,027
1992	2,954
1993	2,383
1994	1,863
1995	1,698
later	5,253
Total Minimum Payments	$17,178

Expenditures for rent under leases for the years ended June 30, 1990 and 1989 amounted to $32.3 million and $28.3 million, respectively.

C. Highway Construction Projects - At June 30, 1990 the Department of Transportation had contractual commitments of approximately $245 million for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants ($175 million) and general obligation bond proceeds ($70 million).

D. Litigation - The most significant recent litigation against the state is a case involving inadequate prison facilities. Relief granted by the court enables the state to remedy these conditions over an extended period of time. The flexibility allowed by the court will permit the state to carry out the remedial plan without material adverse impact on the state's financial position. The state is also party to numerous other legal proceedings, many of which normally recur in governmental operations. In the opinions of the Attorney General and General Counsel for the University of Tennessee system, final settlement of these matters will have no material effect on the accompanying financial statements.

E. Federal Grants - The state has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

F. Loan Guarantees - The Tennessee Student Assistance Corporation (TSAC), a Nonexpendable Trust Fund entity, guarantees loans made to students. The U. S. Department of Education (USDE) reinsures the student loans up to 100% of their principal amounts. At June 30, 1990 TSAC was guarantor of $752 million in student loans, substantially all of which were reinsured by the USDE. The state has no obligation under these student loan guarantees in the event of default.

G. Other - The state has custodial responsibility over some $70 million of U. S. Department of Agriculture food stamp coupons for which the state is liable in the event of loss.

NOTE 7 - SUBSEQUENT EVENTS

A. Bonds - The state has sold some $158.73 million of revenue bonds subsequent to June 30, 1990. The date of the sales and the amounts are disclosed in Note 3.

B. Litigation - In October 1990, the small school systems in the state filed suit challenging the constitutionality of the statutory method of funding for public elementary and secondary education.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

GENERAL FUND

The General Fund is maintained to account for all governmental financial resources and transactions not accounted for in another fund.

Budgetary Procedures and Control

In many respects Tennessee is similar to other states regarding the process leading to adoption of the annual budget. Utilizing zero-based budgeting concepts, the executive branch prepares a budget which is the result of a series of interdepartmental budget meetings and executive budget hearings. The executive budget is based on estimates of all available revenue sources.

The executive budget is presented to the legislature at the beginning of each annual session. The legislature conducts budget hearings through its Finance, Ways and Means committees. Each committee recommends a version of the Appropriation Act to its respective body for passage. Included in the Appropriation Act is the funding level for each department. After passage by each chamber, differences between the two versions, if any, are resolved in conference committee. The final version is passed by both houses and sent to the Governor for approval. Before signing the Appropriation Act, the Governor may veto or reduce any specific appropriation item. These adjustments are subject to being overridden by the legislature.

Once the final budget is passed and signed, it becomes the financial plan for the coming year's activities. A quarterly work program detailing anticipated revenues by source and expenditures by object is then developed for each organizational entity. The work program is entered into the state's centralized accounting system. The budgetary-accounting integration and the resulting periodic reports facilitate both management control and legislative overview of the state's financial operations. Any deviation from the funding levels as specified in the Appropriation Act must receive prior approval from both the appropriate executive decision-makers and the Finance, Ways and Means committees. Thus, there is a continuing interaction between the executive and legislative branches on budgetary matters.

Constitutional Spending Limitation

Tennessee was the first state to adopt a constitutional spending limitation. This was not a response to any spending or taxing excesses but was a public endorsement of the state's long standing record of sound fiscal management.

The March 1978 amendment to the Constitution limited the growth in spending by state government to the rate of growth exhibited by the state's economy. The legislature was directed to establish some measure of economic growth from which the permitted growth in spending could be calculated. Estimated growth in personal income was the measure so established.

The 1990-91 budget is the state's twelfth budget to be prepared and enacted since passage of the spending limitation. The total budget is well within the statutory limit enacted to carry out the constitutional mandate. Although the effect of the constitutional spending limitation cannot be evaluated until it has been operative for a period of years, it is apparent that the long-term impact of the amendment on the continued operations and growth of state government could be substantial.

STATE OF TENNESSEE
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 1990 and 1989

(Expressed in Thousands)

ASSETS	JUNE 30, 1990	JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 217,277	$ 388,277
RECEIVABLES:		
DUE FROM OTHER GOVERNMENTS	277,740	203,815
INTEREST	34,102	36,180
OTHER	300,206	279,763
INTERFUND RECEIVABLES (Note 2)	117	483
ADVANCES TO OTHER FUNDS	2,760	2,720
PREPAYMENTS	32	51
TOTAL ASSETS	$ 832,234	$ 911,289

LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 97,396	$ 91,846
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	350,603	277,801
ACCRUED PAYROLL AND RELATED DEDUCTIONS	24,925	23,812
INTERFUND PAYABLES (Note 2)	7,042	6,469
DEFERRED REVENUE	73,048	69,862
DEPOSITS PAYABLE	172	127
TOTAL LIABILITIES	553,186	469,917
FUND BALANCE (Note 1 and 2)		
RESERVED FOR RELATED ASSETS	5,283	5,663
RESERVED FOR ENCUMBRANCES AND CONTRACTS	13,905	28,005
RESERVED FOR CONTINUING APPROPRIATIONS	83,635	92,918
RESERVED FOR OTHER SPECIFIC PURPOSES	3,291	1,887
UNRESERVED:		
DESIGNATED FOR REVENUE FLUCTUATIONS	100,000	100,000
DESIGNATED FOR OTHER SPECIFIC PURPOSES	72,853	212,885
UNDESIGNATED	81	14
TOTAL FUND BALANCE	279,048	441,372
TOTAL LIABILITIES AND FUND BALANCE	$ 832,234	$ 911,289

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1990	JUNE 30, 1989
REVENUES:		
TAXES	$ 3,209,872	$ 3,139,106
LICENSES, FINES, FEES AND PERMITS	94,911	51,479
INTEREST ON INVESTMENTS	70,232	72,082
FEDERAL	1,850,536	1,620,501
DEPARTMENTAL SERVICES	363,524	334,868
OTHER	44,933	32,863
TOTAL REVENUES	5,634,008	5,250,899
EXPENDITURES:		
GENERAL GOVERNMENT	218,490	201,025
EDUCATION	1,625,180	1,532,423
HEALTH AND SOCIAL SERVICES	2,579,797	2,256,288
LAW, JUSTICE AND PUBLIC SAFETY	490,104	423,264
RECREATION AND RESOURCES DEVELOPMENT	153,957	135,693
REGULATION OF BUSINESS AND PROFESSIONS	25,600	24,154
TOTAL EXPENDITURES	5,093,128	4,572,847
EXCESS OF REVENUES OVER EXPENDITURES	540,880	678,052
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFERS FROM(TO):		
SPECIAL REVENUE FUNDS	(2,361)	(5,694)
DEBT SERVICE FUND	23,000	(217)
CAPITAL PROJECTS FUND	(33,339)	(47,398)
ENTERPRISE FUNDS	4,723	(139)
NONEXPENDABLE TRUST FUNDS	(24,641)	(20,160)
EXPENDABLE TRUST FUNDS	94	47
COLLEGE AND UNIVERSITY FUNDS	(690,099)	(658,857)
INTERNAL SERVICE FUNDS	6,292	
TOTAL OTHER FINANCING USES	(716,331)	(732,418)
EXCESS OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(175,451)	(54,366)
CUMULATIVE EFFECT ON PRIOR YEARS(JUNE 30,1988) OF CHANGING TO A DIFFERENT BASIS OF ACCOUNTING FOR TAXES AND LICENSES		271,153
EXCESS OF REVENUE AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(175,451)	216,787
FUND BALANCE, JULY 1	441,372	230,194
EQUITY TRANSFERS FROM (TO):		
INTERNAL SERVICE FUNDS	16,411	
ENTERPRISE FUNDS	(3,284)	(5,609)
FUND BALANCE, JUNE 30 (Note 2)	$ 279,048	$ 441,372

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES BY SOURCE
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
TAXES:		
SALES AND USE	$ 2,200,462	$ 2,097,041
GASOLINE	4,680	4,447
MOTOR VEHICLE REGISTRATION	14,773	14,102
INCOME	67,544	61,919
PRIVILEGE	55,215	51,014
GROSS RECEIPTS	110,236	135,194
BEER	8,584	8,450
ALCOHOLIC BEVERAGE	22,197	22,661
MIXED DRINK	11,816	11,584
FRANCHISE	178,578	158,735
EXCISE	251,699	293,660
INHERITANCE AND ESTATE	33,518	36,336
TOBACCO	79,573	80,930
COIN-OPERATED AMUSEMENT	664	1,389
BUSINESS	11,350	11,400
INSURANCE COMPANIES PREMIUM	125,454	119,363
RETALIATORY	3,500	4,423
WORKERS COMPENSATION PREMIUM	21,705	19,336
OTHER	8,324	7,122
TOTAL TAXES	3,209,872	3,139,106
LICENSES, FINES, FEES AND PERMITS:		
MOTOR VEHICLE TITLE REGISTRATION FEES	5,495	4,964
DRIVERS LICENSES	15,757	14,980
ARRESTS, FINES AND FEES	6,786	6,138
HOSPITAL SERVICES LICENSE FEES	41,983	
REGULATORY BOARD FEES	10,543	9,670
OTHER	14,347	15,727
TOTAL LICENSES, FINES, FEES AND PERMITS	94,911	51,479
INTEREST ON INVESTMENTS	70,232	72,082
FEDERAL - EARNED BY STATE DEPARTMENTS	1,850,536	1,620,501
DEPARTMENTAL SERVICES:		
CHARGES TO THE PUBLIC	101,137	94,748
INTERDEPARTMENTAL CHARGES	209,291	198,623
CHARGES TO CITIES, COUNTIES, ETC.	53,096	41,497
TOTAL DEPARTMENTAL SERVICES	363,524	334,868
OTHER	44,933	32,863
TOTAL REVENUES BY SOURCE	$ 5,634,008	$ 5,250,899

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE SCHEDULES OF EXPENDITURES BY FUNCTION AND DEPARTMENT
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

EXPENDITURES BY FUNCTION AND DEPARTMENT	FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
GENERAL GOVERNMENT		
LEGISLATIVE	$ 15,452	$ 12,988
SECRETARY OF STATE	18,758	16,058
COMPTROLLER	32,054	31,109
TREASURER	10,312	7,823
GOVERNOR	7,370	5,303
COMMISSIONS	46,464	42,029
FINANCE AND ADMINISTRATION	12,940	10,445
PERSONNEL	5,468	4,792
GENERAL SERVICES	15,519	20,974
REVENUE	43,276	40,246
OTHER	10,877	9,258
TOTAL GENERAL GOVERNMENT	218,490	201,025
EDUCATION	1,625,180	1,532,423
HEALTH AND SOCIAL SERVICES		
VETERANS AFFAIRS	1,509	1,404
EMPLOYMENT SECURITY	45,344	44,905
LABOR	75,222	78,744
MENTAL HEALTH AND MENTAL RETARDATION	299,413	275,798
HEALTH AND ENVIRONMENT	1,630,299	1,381,596
HUMAN SERVICES	528,010	473,841
TOTAL HEALTH AND SOCIAL SERVICES	2,579,797	2,256,288
LAW, JUSTICE AND PUBLIC SAFETY		
JUDICIAL	72,209	62,615
CORRECTION	276,678	266,489
YOUTH DEVELOPMENT	45,637	
MILITARY	18,580	17,096
BUREAU OF CRIMINAL INVESTIGATION	12,478	13,759
SAFETY	64,513	63,305
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	490,104	423,264
RECREATION AND RESOURCE DEVELOPMENT		
AGRICULTURE	15,593	14,315
TOURIST DEVELOPMENT	10,697	10,032
CONSERVATION	69,767	67,118
ECONOMIC AND COMMUNITY DEVELOPMENT	57,900	44,228
TOTAL RECREATION AND RESOURCE DEVELOPMENT	153,957	135,693
REGULATION OF BUSINESS AND PROFESSIONS		
COMMERCE AND INSURANCE	20,458	19,811
FINANCIAL INSTITUTIONS	5,142	4,343
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	25,600	24,154
TOTAL EXPENDITURES BY FUNCTION AND DEPARTMENT	$ 5,093,128	$ 4,572,847

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE SCHEDULES OF EXPENDITURES BY OBJECT
GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

EXPENDITURES BY OBJECT	FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
PERSONAL SERVICES	$ 743,720	$ 699,902
EMPLOYEE BENEFITS	181,523	165,714
TRAVEL	32,540	32,321
PRINTING, DUPLICATING AND FILM PROCESSING	14,563	12,789
UTILITIES AND FUEL	29,794	32,069
COMMUNICATION AND SHIPPING COST	26,460	28,442
MAINTENANCE, REPAIRS AND SERVICES	18,960	18,955
PROFESSIONAL AND ADMINISTRATIVE SERVICES	273,519	263,784
SUPPLIES	178,585	165,124
RENTALS AND INSURANCE	54,755	37,680
MOTOR VEHICLE OPERATION	5,062	4,780
AWARDS AND INDEMNITIES	8,607	7,212
GRANTS AND SUBSIDIES	3,490,755	3,067,179
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	13,373	13,832
EQUIPMENT	17,788	21,936
BUILDINGS	422	698
IMPROVEMENTS OTHER THAN BUILDINGS	682	430
TOTAL EXPENDITURES BY OBJECT	$ 5,093,128	$ 4,572,847

See accompanying Notes to the Financial Statements

SPECIAL REVENUE FUNDS

Specific revenues, earmarked to finance particular activities of government, are accounted for in the Special Revenue Funds. A brief description of each fund follows.

Highway Fund - This fund is maintained to account for revenues and expenditures associated with programs of the Department of Transportation. Funding of these programs is accomplished primarily from dedicated highway user taxes and funds received from the various federal transportation agencies. All federal funds accruing to the Highway Fund are received on a reimbursement basis covering costs incurred. It is the state's practice to appropriate matching dollars for jointly funded projects in the year of federal apportionment. This front-end state funding, together with multi-year disbursements on most projects, results in large cash balances in this fund. Effective July 1, 1986 the Department of Transportation began earning interest on certain unspent monies for a new highway construction program, while the General Fund earns the interest on the other highway program monies.

Wildlife Resources Agency - This agency is responsible for the preservation, management, enhancement and protection of the state's wildlife resources and their environs. An additional responsibility is the enforcement of boating safety on state lakes and streams. Revenues are derived principally from hunting and fishing licenses, fees and permits.

Public Service Commission - The commission is responsible for executing and enforcing all statutes governing railroads, utilities and motor carriers. They also assess these groups for ad valorem taxes. Revenues are derived principally from filing and inspection fees.

Criminal Injuries Compensation - The Claims Commission administers this fund for the award of compensation, not to exceed $10,000, to victims (or their dependents) who suffer personal injury or death as a result of a criminal act. The primary revenue source is the privilege tax levied by the courts at the time of conviction of the offender.

Abandoned Land Program - This program is administered by the Department of Health and Environment. Revenues collected from surface mining permit fees and forfeited performance bonds are used to reclaim and restore lands affected by abandoned mining operations.

Driver Education - This program is designed and coordinated by the Departments of Education and Safety. Highway safety is promoted by providing driver education, instruction and training in schools, colleges and community organizations. The $2 fee for moving traffic violations is the source of funding for this program.

Hazardous Waste - This program is administered by the Department of Health and Environment. Revenues collected from applicants and holders of storage, treatment or disposal permits of hazardous waste are used to supervise the construction, operation, maintenance, closure and, where necessary, the post-closure care of hazardous waste facilities.

Regulatory Boards - This program is administered by the Department of Commerce and Insurance. Revenues are collected from fees assessed on licenses to real estate brokers, affiliate real estate brokers, home improvement contractors or auctioneers. These revenues are used to pay court judgments for violations by brokers, contractors or auctioneers of the applicable acts or of any rules promulgated by the appropriate officials.

Drunk Drivers Victim Compensation - The Claims Commission administers this fund for the award of compensation, not to exceed $2,000, to victims (or their dependents) who suffer personal injury or death as a result of operator's intoxication. The primary revenue source is the privilege tax levied by the courts at the time of conviction of the offender.

Underground Storage Tanks - This program is administered by the Department of Health and Environment. Revenues are collected primarily from a tax of four cents per gallon on petroleum products and an annual fee on owners and operators of underground storage tanks containing petroleum substances.

Community Health Agencies - In 1989, the Legislature created twelve Community Health Agencies which are to provide a mechanism to coordinate health care for indigents. The State has significant oversight responsibilities for these agencies, therefore, they have been incorporated into the Comprehensive Annual Financial Report. The twelve Community Health Agencies are:

First Tennessee Community Health Agency
East Tennessee Community Health Agency
Upper Cumberland Community Health Agency
Southeast Regional Community Health Agency
Mid-Cumberland Community Health Agency
South Central Community Health Agency
Northwest Community Health Agency
Southwest Community Health Agency
Davidson County Community Health Agency
Knox County Community Health Agency
Shelby County Community Health Agency
Hamilton County Community Health Agency

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	HIGHWAY	WILDLIFE RESOURCES AGENCY	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	DRIVER EDUCATION
CASH AND CASH EQUIVALENTS	$ 359,697	$ 22,119	$ 5,066	$ 12,456	$ 1,142	$ 970
RECEIVABLES	81,448	703	89	379		174
INTERFUND RECEIVABLES (Note 2)	122					
INVENTORIES, at cost	7,177					
TOTAL ASSETS	$ 448,444	$ 22,822	$ 5,155	$ 12,835	$ 1,142	$ 1,144
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
WARRANTS PAYABLE	$ 29,568	$ 416	$ 245	$ 670		$ 16
ACCOUNTS PAYABLE AND ACCRUALS	57,512	1,121	478	3,100		10
INTERFUND PAYABLES (Note 2)	1,027	115				2
ADVANCE FROM OTHER FUNDS		2,560				
DEFERRED REVENUE	4,551		1,590			
DEPOSITS PAYABLE	738		1			
TOTAL LIABILITIES	93,396	4,212	2,314	3,770		28
FUND BALANCES (Note 2):						
RESERVED FOR RELATED ASSETS	7,177					
RESERVED FOR ENCUMBRANCES AND CONTRACTS	261,922	674	35		$ 99	50
RESERVED FOR OTHER SPECIFIC PURPOSES	73,964	17,936	2,806	9,065	1,043	1,066
UNRESERVED:						
DESIGNATED FOR HIGHWAY CONSTRUCTION	11,985					
TOTAL FUND BALANCES	355,048	18,610	2,841	9,065	1,142	1,116
TOTAL LIABILITIES AND FUND BALANCES	$ 448,444	$ 22,822	$ 5,155	$ 12,835	$ 1,142	$ 1,144

See accompanying Notes to the Financial Statements

HAZARDOUS WASTE	REGULATORY BOARDS	DRUNK DRIVERS VICTIM COMPENSATION	UNDERGROUND STORAGE TANKS	COMMUNITY HEALTH AGENCIES	TOTALS JUNE 30 ,1990	TOTALS JUNE 30, 1989
$ 5,549	$ 1,851	$ 9,289	$ 6,556	$ 14	$ 424,709	$ 377,214
210		190	1,324		84,517	80,190
				216	358	580
					7,177	6,077
$ 5,759	$ 1,851	$ 9,479	$ 7,880	$ 230	$ 516,741	$ 464,061
$ 204		$ 12			$ 31,131	$ 27,827
881	$ 29	71		$ 73	63,275	40,774
10				25	1,179	1,273
					2,560	2,720
					6,141	3,855
					739	7,579
1,095	29	83		98	105,025	84,028
					7,177	6,077
					262,780	209,294
4,664	1,822	9,396	$ 7,880	132	129,774	142,218
					11,985	22,444
4,664	1,822	9,396	7,880	132	411,718	380,033
$ 5,759	$ 1,851	$ 9,479	$ 7,880	$ 230	$ 516,741	$ 464,061

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	HIGHWAY	WILDLIFE RESOURCES AGENCY	PUBLIC SERVICE COMMISSION	CRIMINAL INJURIES COMPENSATION	ABANDONED LAND PROGRAM	DRIVER EDUCATION
REVENUES:						
TAXES	$ 523,944	$ 428				
LICENSES, FINES, FEES AND PERMITS	969	21,709	$ 6,404	$ 5,939	$ 69	$ 2,151
INTEREST ON INVESTMENTS		1,715		893		
FEDERAL	290,198	5,718	2,042	1,402		
DEPARTMENTAL SERVICES	17,457	474	3,981			30
OTHER	7,169					
TOTAL REVENUES	839,757	30,044	12,427	8,234	69	2,181
EXPENDITURES:						
GENERAL GOVERNMENT			12,770	8,596		
EDUCATION						1,723
HEALTH AND SOCIAL SERVICES					188	
LAW, JUSTICE AND PUBLIC SAFETY						403
RECREATION AND RESOURCES DEVELOPMENT		30,018				
REGULATION OF BUSINESS AND PROFESSIONS						
TRANSPORTATION	824,578					
TOTAL EXPENDITURES	824,578	30,018	12,770	8,596	188	2,126
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	15,179	26	(343)	(362)	(119)	55
OTHER FINANCING SOURCES(USES):						
OPERATING TRANSFER FROM (TO) GENERAL FUND	(765)	116				
OPERATING TRANSFER FROM DEBT SERVICE FUND	8,200					
OPERATING TRANSFER (TO) CAPITAL PROJECTS FUND	(70)					
TOTAL OTHER FINANCING SOURCES	7,365	116				
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	22,544	142	(343)	(362)	(119)	55
CUMULATIVE EFFECT ON PRIOR YEARS (JUNE 30, 1988) OF CHANGING TO A DIFFERENT BASIS OF ACCOUNTING FOR TAXES AND LICENSES						
EXCESS OF REVENUE AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	22,544	142	(343)	(362)	(119)	55
FUND BALANCES, JULY 1(Note 2)	332,504	18,468	3,184	9,427	1,261	1,061
FUND BALANCES, JUNE 30 (Note 2)	$ 355,048	$ 18,610	$ 2,841	$ 9,065	$ 1,142	$ 1,116

See accompanying Notes to the Financial Statements

HAZARDOUS WASTE	REGULATORY BOARDS	DRUNK DRIVERS VICTIM COMPENSATION	UNDERGROUND STORAGE TANKS	COMMUNITY HEALTH AGENCIES	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
			$ 2,662		$ 527,034	$ 452,995
	$ 149	$ 2,454	3,813		43,677	35,671
$ 459	142	625		$ 2	3,836	2,453
926			603		300,889	262,980
1,427			285		23,654	14,895
				2	7,171	8,022
2,812	291	3,079	7,363	4	906,261	777,016
		177			21,543	15,884
					1,723	1,725
4,524			1,615	410	6,737	3,695
					403	490
					30,018	23,909
	67				67	27
					824,578	728,864
4,524	67	177	1,615	410	885,069	774,614
(1,712)	224	2,902	5,748	(406)	21,192	2,402
340			2,132	538	2,361	5,694
					8,200	10,700
					(70)	
340			2,132	538	10,491	16,394
(1,372)	224	2,902	7,880	132	31,683	18,796
						34,164
(1,372)	224	2,902	7,880	132	31,683	52,960
6,036	1,598	6,494			380,033	327,073
$ 4,664	$ 1,822	$ 9,396	$ 7,880	$ 132	$ 411,716	$ 380,033

STATE OF TENNESSEE
COMBINING BALANCE SHEET
COMMUNITY HEALTH AGENCIES
JUNE 30, 1990

(Expressed In Thousands)

	FIRST TENNESSEE	EAST TENNESSEE	UPPER CUMBERLAND	SOUTHEAST REGIONAL
ASSETS				
CASH AND CASH EQUIVALENTS	$ 1		$ 8	$ 1
INTERFUND RECEIVABLES	118	$ 7	2	7
TOTAL ASSETS	$ 119	$ 7	$ 10	$ 8
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUALS	$ 6	$ 6	$ 10	$ 7
INTERFUND PAYABLES	9	1		1
TOTAL LIABILITIES	15	7	10	8
FUND BALANCE(Note 2):				
RESERVED FOR OTHER SPECIFIC PURPOSES	104			
TOTAL FUND BALANCE	104			
TOTAL LIABILITIES AND FUND BALANCE	$ 119	$ 7	$ 10	$ 8

See accompanying Notes to the Financial Statements

MID-CUMBERLAND	SOUTH CENTRAL	NORTHWEST	SOUTHWEST	DAVIDSON	SHELBY	TOTALS
	$ 2		$ 2			$ 14
$ 7	9	$ 10	7	$ 21	$ 28	216
$ 7	$ 11	$ 10	$ 9	$ 21	$ 28	$ 230
$ 7	$ 4	$ 7	$ 5	$ 21		73
	7	3	4			25
7	11	10	9	21		98
					$ 28	132
					28	132
$ 7	$ 11	$ 10	$ 9	$ 21	$ 28	$ 230

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMMUNITY HEALTH AGENCIES
JUNE 30, 1990

(Expressed In Thousands)

	FIRST TENNESSEE	EAST TENNESSEE	UPPER CUMBERLAND	SOUTHEAST REGIONAL	MID-CUMBERLAND
REVENUES:					
INTEREST ON INVESTMENTS	$ 2				
OTHER	2				
TOTAL REVENUES	4				
EXPENDITURES:					
HEALTH AND SOCIAL SERVICES	48	$ 51	$ 42	$ 52	$ 48
TOTAL EXPENDITURES	48	51	42	52	48
EXCESS OF REVENUES (UNDER) EXPENDITURES	(44)	(51)	(42)	(52)	(48)
OTHER FINANCING SOURCES:					
OPERATING TRANSFER FROM GENERAL FUND	148	51	42	52	48
TOTAL OTHER FINANCING SOURCES	148	51	42	52	48
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	104				
FUND BALANCE, JULY 1					
FUND BALANCE, JUNE 30	$ 104	$ -	$ -	$ -	$ -

See accompanying Notes to the Financial Statements

SOUTH CENTRAL	NORTHWEST	SOUTHWEST	DAVIDSON COUNTY	KNOX COUNTY	SHELBY COUNTY	HAMILTON COUNTY	TOTALS FOR THE YEAR ENDED
							$ 2
							2
							4
$ 15	$ 41	$ 36	$ 21	$ 28		$ 28	410
15	41	36	21	28		28	410
(15)	(41)	(36)	(21)	(28)		(28)	(406)
15	41	36	21	28	$ 28	28	538
15	41	36	21	28	28	28	538
					28		132
$ -	$ -	$ -	$ -	$ -	$ 28	$ -	$ 132

STATE OF TENNESSEE
COMPARATIVE BALANCE SHEETS
HIGHWAY FUND
JUNE 30, 1990 AND 1989

(Expressed in Thousands)

ASSETS	JUNE 30, 1990	JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 359,597	$ 323,648
ACCOUNTS RECEIVABLE	43,914	41,204
DUE FROM OTHER GOVERNMENTS	37,534	36,986
INTERFUND RECEIVABLES (NOTE 2)	122	580
INVENTORIES, at cost	7,177	6,077
TOTAL ASSETS	$ 448,444	$ 408,495
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 29,568	$ 26,156
ACCOUNTS PAYABLE AND ACCRUALS:		
ACCOUNTS PAYABLE	48,880	29,428
CONTRACT RETAINAGE	4,866	5,559
ACCRUED PAYROLL AND RELATED DEDUCTIONS	3,766	3,763
INTERFUND PAYABLES (Note 2)	1,027	1,012
DEFERRED REVENUE	4,551	2,495
DEPOSITS PAYABLE	738	7,578
TOTAL LIABILITIES	93,396	75,991
FUND BALANCES(Note 2):		
RESERVED FOR RELATED ASSETS	7,177	6,077
RESERVED FOR ENCUMBRANCES AND CONTRACTS	261,922	208,671
RESERVED FOR OTHER SPECIFIC PURPOSES:		
INTERSTATE HIGHWAYS	5,360	3,357
URBAN HIGHWAYS	842	843
SECONDARY ROADS	8,282	8,317
APPALACHIA HIGHWAYS AND ACCESS ROUTES	1,239	2,709
RURAL ROADS	3,149	3,119
METROPOLITAN URBAN SYSTEMS	5,736	5,114
BRIDGE REPLACEMENT	17,163	11,893
HIGHWAY SAFETY CONSTRUCTION	8,104	8,094
OTHERS	24,089	51,866
UNRESERVED:		
DESIGNATED FOR HIGHWAY CONSTRUCTION	11,985	22,444
TOTAL FUND BALANCE	355,048	332,504
TOTAL LIABILITIES AND FUND BALANCE	$ 448,444	$ 408,495

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1990	JUNE 30, 1989
REVENUES:		
TAXES	$ 523,944	$ 452,570
LICENSES	969	465
INTEREST ON INVESTMENTS		557
FEDERAL	290,198	253,794
DEPARTMENTAL SERVICES	17,457	9,037
OTHER	7,189	8,022
TOTAL REVENUES	839,757	724,445
EXPENDITURES:		
INTERSTATE HIGHWAY CONSTRUCTION	143,435	89,432
APPALACHIA CONSTRUCTION	1,946	2,912
STATE SYSTEM CONSTRUCTION	248,895	243,674
OTHER CONSTRUCTION	147,761	138,935
MAINTENANCE AND MARKING	194,033	166,774
ADMINISTRATIVE AND OTHER	88,508	87,157
TOTAL EXPENDITURES	824,578	728,884
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,179	(4,439)
OTHER FINANCING SOURCES (USES):		
OPERATING TRANSFER FROM (TO) GENERAL FUND	(765)	4,571
OPERATING TRANSFER FROM DEBT SERVICE FUND	8,200	10,700
OPERATING TRANSFER (TO) CAPITAL PROJECTS FUND	(70)	
TOTAL OTHER FINANCING SOURCES	7,365	15,271
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES AND BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	22,544	10,832
CUMULATIVE EFFECT ON PRIOR YEARS(JUNE 30, 1988) OF CHANGING TO A DIFFERENT BASIS OF ACCOUNTING FOR TAXES AND LICENSES		34,509
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	22,544	45,341
FUND BALANCE, JULY 1	332,504	287,163
FUND BALANCE, JUNE 30	$ 355,048	$ 332,504

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE SCHEDULES OF REVENUES BY SOURCE
HIGHWAY FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

REVENUES BY SOURCE	FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
TAXES:		
SALES	$ 12,364	$ 8,573
GASOLINE	284,426	225,231
MOTOR FUEL	68,471	61,736
PETROLEUM PRODUCTS	24,224	23,266
MOTOR VEHICLE REGISTRATION	130,744	130,320
GROSS RECEIPTS TAX	2,065	1,820
BEER TAX	1,650	1,624
TOTAL TAXES	523,944	452,570
OUTDOOR ADVERTISING LICENSES	989	465
INTEREST ON INVESTMENTS		557
FEDERAL	290,198	253,794
DEPARTMENTAL SERVICES:		
CITIES AND COUNTIES	13,225	5,511
STATE AGENCIES	4,232	3,526
TOTAL DEPARTMENTAL SERVICES	17,457	9,037
OTHER- OVERWEIGHT VEHICLES, SALE OF PLANS, ETC.	7,169	8,022
TOTAL REVENUES BY SOURCE	$ 839,757	$ 724,445

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE SCHEDULES OF EXPENDITURES BY OBJECT
HIGHWAY FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

EXPENDITURES BY OBJECT	FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
PERSONAL SERVICES	$ 105,189	$ 101,769
EMPLOYEE BENEFITS	27,276	25,386
TRAVEL	799	868
PRINTING, DUPLICATING AND FILM PROCESSING	630	528
UTILITIES AND FUEL	1,478	1,424
COMMUNICATION AND SHIPPING COST	1,360	1,379
MAINTENANCE, REPAIRS AND SERVICES	1,293	1,185
PROFESSIONAL AND ADMINISTRATIVE SERVICES	26,967	27,640
SUPPLIES	19,009	20,868
RENTALS AND INSURANCE	6,508	4,490
MOTOR VEHICLE OPERATION	3,098	3,470
AWARDS AND INDEMNITIES	455	357
GRANTS AND SUBSIDIES	29,253	25,504
ITEMS FOR RESALE, REISSUE OR MANUFACTURE	10,347	9,963
EQUIPMENT	12,244	13,965
LAND	70,889	59,584
BUILDINGS	8,196	5,053
HIGHWAY CONSTRUCTION	499,587	425,351
TOTAL EXPENDITURES BY OBJECT	$ 824,578	$ 728,884

See accompanying Notes to the Financial Statements

STATE OF TENNESEE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(BUDGETARY BASIS)
ALL BUDGETED SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	HIGHWAY FUND		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES(BUDGET BASIS), JULY 1	$ 28,521	$ 28,521	
ADD:			
ENCUMBRANCES AND CONTRACT RESERVES REAPPROPRIATED	303,983	303,983	-
ADJUSTED FUND BALANCES(BUDGETARY BASIS), JULY 1	332,504	332,504	
REVENUES:			
TAXES	518,900	523,944	$ 5,044
LICENSES, FINES, FEES AND PERMITS		989	989
INTEREST ON INVESTMENTS			
FEDERAL	1,147,597	290,198	(857,399)
DEPARTMENTAL SERVICES	30,709	17,457	(13,252)
OTHER		7,169	7,169
OTHER FINANCING SOURCES - TRANSFERS IN	8,200	8,200	
TOTAL SOURCES OF FINANCIAL RESOURCES	2,037,910	1,180,461	(857,449)
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
TREASURER			
PUBLIC SERVICE COMMISSION			
EDUCATION			
HEALTH AND ENVIRONMENT			
SAFETY			
WILDLIFE RESOURCES			
COMMERCE AND INSURANCE			
TRANSPORTATION	2,026,244	1,160,464	865,780
OTHER FINANCING USES - TRANSFERS OUT	835	835	
TOTAL USES OF FINANCIAL RESOURCES	2,027,079	1,161,299	865,780
FUND BALANCES(BUDGETARY BASIS), JUNE 30 (Note 2)	$ 10,831	$ 19,162	$ 8,331

See accompanying Notes to the Financial Statements

(continued on next page)

WILDLIFE RESOURCES AGENCY			PUBLIC SERVICE COMMISSION		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
$ 17,885	$ 17,885		$ 3,177	$ 3,177	
583	583		7	7	
18,468	18,468		3,184	3,184	
440	428	$ (12)			
19,160	21,709	2,549	7,725	6,404	$ (1,321)
	1,715	1,715			
5,560	5,718	158	1,300	2,042	742
725	474	(251)	3,007	3,981	974
116	116				
44,469	48,628	4,159	15,216	15,611	395
			12,995	12,805	190
34,306	30,692	3,614			
34,306	30,692	3,614	12,995	12,805	190
$ 10,163	$ 17,936	$ 7,773	$ 2,221	$ 2,806	$ 585

STATE OF TENNESEE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(BUDGETARY BASIS)
ALL BUDGETED SPECIAL REVENUE FUND TYPES (continued)
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	CRIMINAL INJURIES COMPENSATION		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES(BUDGET BASIS), JULY 1	$ 9,427	$ 9,427	
ADD:			
ENCUMBRANCES AND CONTRACT RESERVES REAPPROPRIATED			
ADJUSTED FUND BALANCES(BUDGETARY BASIS), JULY 1	9,427	9,427	
REVENUES:			
TAXES			
LICENSES, FINES, FEES AND PERMITS		5,939	$ 5,939
INTEREST ON INVESTMENTS		893	893
FEDERAL	1,181	1,402	221
DEPARTMENTAL SERVICES			
OTHER			
OTHER FINANCING SOURCES - TRANSFERS IN			
TOTAL SOURCES OF FINANCIAL RESOURCES	10,608	17,661	7,053
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
TREASURER	8,596	8,596	
PUBLIC SERVICE COMMISSION			
EDUCATION			
HEALTH AND ENVIRONMENT			
SAFETY			
WILDLIFE RESOURCES			
COMMERCE AND INSURANCE			
TRANSPORTATION			
OTHER FINANCING USES - TRANSFERS OUT			
TOTAL USES OF FINANCIAL RESOURCES	8,596	8,596	
FUND BALANCES(BUDGETARY BASIS), JUNE 30 (Note 2)	$ 2,012	$ 9,065	$ 7,053

See accompanying Notes to the Financial Statements

(continued on next page)

ABANDONED LAND PROGRAM			DRIVER EDUCATION		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
$ 1,261	$ 1,261		$ 1,028	$ 1,028	
			33	33	
1,261	1,261		1,061	1,061	
	69	$ 69	2,050	2,151	$ 101
			37	30	(7)
1,261	1,330	69	3,148	3,242	94
500	287	213	1,800	1,773	27
			556	403	153
500	287	213	2,356	2,176	180
$ 761	$ 1,043	$ 282	$ 792	$ 1,066	$ 274

STATE OF TENNESEE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(BUDGETARY BASIS)
ALL BUDGETED SPECIAL REVENUE FUND TYPES (continued)
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	HAZARDOUS WASTE		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES(BUDGET BASIS), JULY 1	$ 6,036	$ 6,036	
ADD:			
ENCUMBRANCES AND CONTRACT RESERVES REAPPROPRIATED			
ADJUSTED FUND BALANCES(BUDGETARY BASIS), JULY 1	6,036	6,036	
REVENUES:			
TAXES			
LICENSES, FINES, FEES AND PERMITS			
INTEREST ON INVESTMENTS		459	$ 459
FEDERAL	1,534	926	(608)
DEPARTMENTAL SERVICES	1,001	1,427	426
OTHER			
OTHER FINANCING SOURCES - TRANSFERS IN	340	340	
TOTAL SOURCES OF FINANCIAL RESOURCES	8,911	9,188	277
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
TREASURER			
PUBLIC SERVICE COMMISSION			
EDUCATION			
HEALTH AND ENVIRONMENT	6,147	4,524	1,623
SAFETY			
WILDLIFE RESOURCES			
COMMERCE AND INSURANCE			
TRANSPORTATION			
OTHER FINANCING USES - TRANSFERS OUT			
TOTAL USES OF FINANCIAL RESOURCES	6,147	4,524	1,623
FUND BALANCES(BUDGETARY BASIS), JUNE 30 (Note 2)	$ 2,764	$ 4,664	$ 1,900

See accompanying Notes to the Financial Statements

(continued on next page)

	REGULATORY BOARDS			DRUNK DRIVERS VICTIM COMPENSATION		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
	$ 1,598	$ 1,598		$ 6,494	$ 6,494	
	1,598	1,598		6,494	6,494	
		149	$ 149		2,454	$ 2,454
		142	142		625	625
	1,598	1,889	291	6,494	9,573	3,079
				2,419	177	2,242
	97	67	30			
	97	67	30	2,419	177	2,242
	$ 1,501	$ 1,822	$ 321	$ 4,075	$ 9,396	$ 5,321

STATE OF TENNESEE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL(BUDGETARY BASIS)
ALL BUDGETED SPECIAL REVENUE FUND TYPES (continued)
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	UNDERGROUND STORAGE		
	BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
SOURCES OF FINANCIAL RESOURCES:			
FUND BALANCES(BUDGET BASIS), JULY 1			
ADD:			
ENCUMBRANCES AND CONTRACT RESERVES REAPPROPRIATED			
ADJUSTED FUND BALANCES(BUDGETARY BASIS), JULY 1			
REVENUES:			
TAXES		$ 2,662	$ 2,662
LICENSES, FINES, FEES AND PERMITS	$ 2,775	3,813	1,038
INTEREST ON INVESTMENTS			
FEDERAL	2,244	603	(1,641)
DEPARTMENTAL SERVICES		285	285
OTHER			
OTHER FINANCING SOURCES - TRANSFERS IN	2,132	2,132	
TOTAL SOURCES OF FINANCIAL RESOURCES	7,151	9,495	2,344
USES OF FINANCIAL RESOURCES:			
EXPENDITURES AND ENCUMBRANCES:			
TREASURER			
PUBLIC SERVICE COMMISSION			
EDUCATION			
HEALTH AND ENVIRONMENT	5,781	1,615	4,166
SAFETY			
WILDLIFE RESOURCES			
COMMERCE AND INSURANCE			
TRANSPORTATION			
OTHER FINANCING USES - TRANSFERS OUT			
TOTAL USES OF FINANCIAL RESOURCES	5,781	1,615	4,166
FUND BALANCES(BUDGETARY BASIS), JUNE 30 (Note 2)	$ 1,370	$ 7,880	$ 6,510

See accompanying Notes to the Financial Statements

TOTAL SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-FAVORABLE (UNFAVORABLE)
$ 75,427	$ 75,427	
304,606	304,606	
380,033	380,033	
519,340	527,034	$ 7,694
31,710	43,677	11,967
	3,834	3,834
1,159,416	300,889	(858,527)
35,479	23,654	(11,825)
	7,169	7,169
10,788	10,788	-
2,136,766	1,297,078	(839,688)
11,015	8,773	2,242
12,995	12,805	190
1,800	1,773	27
12,428	6,426	6,002
556	403	153
34,306	30,692	3,614
97	67	30
2,026,244	1,160,464	865,780
835	835	
2,100,276	1,222,238	878,038
$ 36,490	$ 74,840	$ 38,350

DEBT SERVICE FUND

The Debt Service Fund is maintained to account for accumulation of resources for, and the payment of, principal and interest on general long-term debt.

STATE OF TENNESSEE
COMPARATIVE BALANCE SHEETS
DEBT SERVICE FUND
JUNE 30, 1990 AND 1989

(Expressed in Thousands)

ASSETS	JUNE 30, 1990	JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 441	$ 3,128
CASH WITH FISCAL AGENT	200	200
ACCOUNTS RECEIVABLE	1,912	1,827
TOTAL ASSETS	$ 2,553	$ 5,155
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 4	$ 4
ACCOUNTS PAYABLE AND ACCRUALS	15	
MATURED BONDS AND INTEREST PAYABLE	341	752
TOTAL LIABILITIES	360	756
FUND BALANCE (Note 2):		
UNRESERVED:		
DESIGNATED FOR DEBT SERVICE	2,193	4,399
TOTAL FUND BALANCE	2,193	4,399
TOTAL LIABILITIES AND FUND BALANCE	$ 2,553	$ 5,155

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1990	JUNE 30, 1989
REVENUES:		
TAXES:		
SALES AND USE	$ 21,423	$ 20,411
GASOLINE	18,800	21,600
FRANCHISE	16,000	16,000
EXCISE	65,800	65,000
	122,023	123,011
FEDERAL	92	92
TOTAL REVENUES	122,115	123,103
EXPENDITURES:		
BOND PRINCIPAL RETIREMENT	63,667	61,367
BOND INTEREST	35,807	36,421
NOTE INTEREST		217
OTHER	111	92
TOTAL EXPENDITURES	99,585	98,097
EXCESS OF REVENUES OVER EXPENDITURES	22,530	25,006
OTHER FINANCING SOURCES(USES):		
OPERATING TRANSFER FROM(TO) GENERAL FUND	(23,000)	217
OPERATING TRANSFER FROM FACILITIES REVOLVING FUND	6,489	
OPERATING TRANSFER (TO) CAPITAL PROJECTS FUND		(14,300)
OPERATING TRANSFER (TO) HIGHWAY FUND	(8,200)	(10,700)
OPERATING TRANSFER (TO) LOCAL DEVELOPMENT AUTHORITY	(25)	(25)
TOTAL OTHER FINANCING (USES)	(24,736)	(24,808)
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	(2,206)	198
CUMULATIVE EFFECT ON PRIOR YEARS(JUNE 30, 1988) OF CHANGING TO A DIFFERENT BASIS OF ACCOUNTING FOR TAXES AND LICENSES		1,811
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER USES AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2,206)	2,009
FUND BALANCE, JULY 1	4,399	2,390
FUND BALANCE, JUNE 30	$ 2,193	$ 4,399

See accompanying Notes to the Financial Statements

CAPITAL PROJECTS FUND

The Capital Projects Fund is maintained to account for the acquisition or construction of major governmental general fixed assets financed principally by long-term bonds.

STATE OF TENNESSEE
COMPARATIVE BALANCE SHEETS
CAPITAL PROJECTS FUND
JUNE 30, 1990 AND 1989

(Expressed in Thousands)

ASSETS	JUNE 30, 1990	JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 116,702	$ 190,106
RECEIVABLES:		
ACCOUNTS	1,853	
DUE FROM OTHER GOVERNMENTS	1,704	2,245
INTERFUND RECEIVABLES (Note 2)	10,927	9,548
TOTAL ASSETS	$ 131,186	$ 201,899
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
WARRANTS PAYABLE	$ 1,348	$ 7,299
ACCOUNTS PAYABLE	11,073	12,379
INTERFUND PAYABLES(Note 2)	5,218	
DEFERRED REVENUE	157	1,026
TOTAL LIABILITIES	17,796	20,704
FUND BALANCE (Note 2):		
RESERVED FOR ENCUMBRANCES AND CONTRACTS	99,502	67,226
RESERVED FOR CAPITAL OUTLAY	13,888	113,969
TOTAL FUND BALANCE	113,390	181,195
TOTAL LIABILITIES AND FUND BALANCE	$ 131,186	$ 201,899

STATE OF TENNESSEE
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 1990 AND 1989

(Expressed in Thousands)

	FOR THE YEAR ENDED	
	JUNE 30, 1990	JUNE 30, 1989
REVENUES:		
FEDERAL	$ 3,379	$ 4,523
DEPARTMENTAL SERVICES	17,031	2,132
TOTAL REVENUES	20,410	6,655
EXPENDITURES:		
GENERAL GOVERNMENT	37,927	14,547
EDUCATION	2,413	2,792
HEALTH AND SOCIAL SERVICES	5,023	3,849
LAW, JUSTICE AND PUBLIC SAFETY	68,221	101,889
RECREATION AND RESOURCES DEVELOPMENT	6,120	11,920
TOTAL EXPENDITURES	119,704	134,997
EXCESS OF EXPENDITURES (OVER) REVENUES	(99,294)	(128,342)
OTHER FINANCING SOURCES(USES):		
BOND PROCEEDS	46,000	
OPERATING TRANSFER FROM GENERAL FUND	33,339	47,398
OPERATING TRANSFER FROM HIGHWAY FUND	70	
OPERATING TRANSFER FROM DEBT SERVICE FUND		14,300
OPERATING TRANSFER (TO) COLLEGE AND UNIVERSITY FUNDS	(47,920)	(60,461)
TOTAL OTHER FINANCING SOURCES	31,489	1,237
TOTAL OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES AND OTHER USES	(67,805)	(127,105)
FUND BALANCE, JULY 1	181,195	308,300
FUND BALANCE, JUNE 30	$ 113,390	$ 181,195

See accompanying Notes to the Financial Statements

ENTERPRISE FUNDS

The Enterprise Funds are used to account for the operations of state agencies that provide goods or services to the general public on a user charge basis. The state's enterprise operations are described below.

Housing Development Agency - Created by the legislature in 1973, the purpose of this agency is to improve the quality of housing available to lower and moderate income Tennesseans. This objective is accomplished in part by (1) making funds available for loans for residential construction or rehabilitation, (2) making or participating in the making of insured mortgage loans and (3) purchasing existing mortgages from lending institutions. These programs are funded primarily from the sale of revenue bonds or notes.

Local Development Authority - This authority was created in 1978 for the purpose of providing to local governments, through the issuing of revenue bonds or notes, the financing assistance previously provided by the State Loan Program. In addition, the Authority may assist small business concerns in financing pollution control facilities and farmers in financing certain capital improvements.

State Loan Program - Operated since the early 1970's through the Department of Health and Environment, this program has provided financial assistance to local governments and utility districts for the construction of sewage treatment, solid waste recovery and waterworks facilities. In order for these borrowing entities to generate funds necessary to repay the loans, the imposition of a user's fee by the local systems was authorized. In order to finance this program, general obligation bonds were sold which, although remaining full faith and credit obligations of the state, are being retired from resources of this fund. Future financing for this program will be generated from the sale of revenue bonds or notes by the Local Development Authority.

Sewer Treatment Loan - Created in 1987, this fund provides loans to local governments and utility districts for the construction of sewage treatment facilities. The initial source of the monies are federal grants and state appropriations.

Comprehensive Health Insurance - Created by the legislature in 1986, this act was to provide access to health insurance to all residents of Tennessee. Individuals are charged premiums for coverage and the insurance companies are assessed an amount to help fund the pool.

Small Business Energy Loan Program - Created in 1988, this program makes loans to small businesses to make the business more energy efficient.

Housing Rehabilitation Corporation - Established in 1973, this corporation's purpose is to provide a means of encouraging the rehabilitation of existing housing. To facilitate this objective, the corporation insures first mortgage loans on existing houses and insures loans for home improvements. Effective June 30, 1990, this division was abolished.

Other - Four smaller enterprise operations are included in this group, as follows:

1. Veterans' Nursing Home - Created in 1988, the primary purpose of the home is to provide support and care for honorably discharged veterans of the United States Armed Forces. The revenue sources will be the Veterans' Administration, Medicaid, and a user fee.

2. Teacher Group Insurance - Established in January 1986, this fund is used to account for revenues received and claims paid on behalf of teachers of political subdivisions of the state who have elected coverage under a group medical plan similar to that offered state employees.

3. Property Utilization, a division of the Department of General Services - This agency receives surplus federal property and redistributes it to civil defense units, health and educational institutions and other eligible donees within the state. The agency collects fees from the donees to offset operating costs. In addition, this agency handles property surplused by the various state agencies.

4. State Employees' Cafeteria, also a division of the Department of General Services - This Nashville division operates two cafeterias for the convenience of state employees, one in the Andrew Jackson State Office Building and another in the Legislative Plaza. Effective June 30, 1990, this division was abolished; these services are now contracted out.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	HOUSING DEVELOPMENT AGENCY	LOCAL DEVELOPMENT AUTHORITY	STATE LOAN PROGRAM	SEWER TREATMENT LOAN
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	$ 270,152	$ 27,457	$ 6,602	$ 8,619
RECEIVABLES:				
ACCOUNTS	6,487			
INTEREST	18,410	76	15	
LOANS RECEIVABLE - CURRENT PORTION	15,058			
DUE FROM OTHER GOVERNMENTS - CURRENT PORTION	383	1,883	3,195	3
INTERFUND RECEIVABLES (NOTE 2)				
TOTAL CURRENT ASSETS	310,490	29,416	9,812	8,622
OTHER ASSETS:				
LONG-TERM INVESTMENTS, at cost	241,960	6,063		
LOANS RECEIVABLE	1,161,326			
DUE FROM OTHER GOVERNMENTS		79,626	52,748	6,653
DEFERRED CHARGES	1,990	420		
TOTAL OTHER ASSETS	1,405,276	86,109	52,748	6,653
FIXED ASSETS:				
LAND, at cost				
STRUCTURES AND IMPROVEMENTS, at cost				
MACHINERY AND EQUIPMENT, at cost	160			
LESS ACCUMULATED DEPRECIATION	(54)			
CONSTRUCTION IN PROGRESS				
TOTAL FIXED ASSETS	106			
TOTAL ASSETS	$ 1,715,872	$ 115,525	$ 62,560	$ 15,275
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
CURRENT LIABILITIES:				
WARRANTS PAYABLE	$ 1,823	$ 574		$ 384
ACCOUNTS PAYABLE AND ACCRUALS	78,050	2,606	$ 1,719	
INTERFUND PAYABLES (Note 2)	21			
NOTES PAYABLE (Note 3)		55,164		
CURRENT PORTION OF LONG-TERM DEBT (NOTE 3)	33,765	1,883	3,195	
DEFERRED REVENUE	1,375			
TOTAL CURRENT LIABILITIES	115,034	60,227	4,914	384
ADVANCES FROM OTHER FUNDS				
LONG-TERM DEBT - BONDS PAYABLE, NET (Note 3)	1,459,923	49,399	54,345	
CALL PREMIUMS PAYABLE		733		
TOTAL LONG-TERM DEBT	1,459,923	50,132	54,345	
TOTAL LIABILITIES	1,574,957	110,359	59,259	384
FUND EQUITY (Note 2):				
CONTRIBUTED CAPITAL	2,500			13,609
RETAINED EARNINGS:				
RESERVED FOR BOND RETIREMENT	14,858			
RESERVED FOR LOCAL DEVELOPMENT LOANS		4,128		
RESERVED FOR HOUSING DEVELOPMENT	55,390			
UNRESERVED	68,167	1,038	3,301	1,282
TOTAL FUND EQUITY	140,915	5,166	3,301	14,891
TOTAL LIABILITIES AND FUND EQUITY	$ 1,715,872	$ 115,525	$ 62,560	$ 15,275

See accompanying Notes to the Financial Statements

COMPREHENSIVE HEALTH INSURANCE	SMALL BUSINESS ENERGY LOAN PROGRAM	OTHER	TOTALS JUNE 30, 1990	JUNE 30, 1989
$ 1,244	$ 55	$ 6,569	$ 320,698	$ 372,838
100		152	5,739	6,288
			18,501	17,347
	72		15,130	12,141
		162	5,626	5,167
		2,365	2,365	2
1,344	127	9,248	369,059	413,783
			248,023	229,376
	404		1,161,730	1,023,167
			139,027	135,546
		90	2,500	2,342
	404	90	1,551,280	1,390,431
		63	63	29
		106	106	106
		205	365	559
		(192)	(246)	(396)
		1,471	1,471	
		1,653	1,759	298
$ 1,344	$ 531	$ 10,991	$ 1,922,098	$ 1,804,512
$ 906	$	$ 722	$ 4,409	$ 3,209
6,098		7,198	95,671	87,788
		559	580	27
			55,164	64,131
			38,843	51,891
1,693		3,699	6,767	5,782
8,697		12,178	201,434	212,828
		200	200	
		2,515	1,566,182	1,453,390
			733	733
		2,715	1,567,115	1,454,123
8,697		14,893	1,768,549	1,666,951
		1,959	18,068	8,979
			14,858	17,454
			4,128	3,796
			55,390	58,369
(7,353)	531	(5,861)	61,105	48,971
(7,353)	531	(3,902)	153,549	137,561
$ 1,344	$ 531	$ 10,991	$ 1,922,098	$ 1,804,512

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	LOCAL DEVELOPMENT AUTHORITY	STATE LOAN PROGRAM	SEWER TREATMENT LOAN
OPERATING REVENUES:				
CHARGES FOR SERVICES	$ 316	$ 5,838	$ 3,298	$ 103
INTEREST INCOME	142,051	3,227	935	535
PREMIUMS				
TOTAL OPERATING REVENUES	142,367	9,065	4,233	638
OPERATING EXPENSES:				
PERSONAL SERVICES	2,070			
CONTRACTUAL SERVICES	559	140	1	
MORTGAGE SERVICE FEES	3,769			
MATERIALS AND SUPPLIES	58			
RENTALS AND INSURANCE	267			
INTEREST	119,131	8,214	3,573	
DEPRECIATION AND AMORTIZATION	248	140		
BENEFITS				
OTHER	823			
TOTAL OPERATING EXPENSES	126,925	8,494	3,574	
OPERATING INCOME(LOSS)	15,442	571	659	638
NONOPERATING REVENUES(EXPENSES):				
OPERATING GRANTS	22,542			269
GRANTS EXPENSE	(25,954)			(269)
TAX REVENUE	7,705			
ASSESSMENTS				
TOTAL NONOPERATING REVENUES (EXPENSES)	4,293			
INCOME(LOSS) BEFORE OPERATING TRANSFERS	19,735	571	659	638
OPERATING TRANSFER FROM DEBT SERVICE FUND		25		
OPERATING TRANSFER FROM (TO) GENERAL FUND			(4,000)	
INCOME(LOSS) BEFORE EXTRAORDINARY CHARGE	19,735	596	(3,341)	638
EXTRAORDINARY CHARGE (NOTE 3)	(768)			
NET INCOME(LOSS) /CHANGE IN RETAINED EARNINGS	18,967	596	(3,341)	638
OTHER CHANGES IN FUND EQUITY:				
CONTRIBUTED(DISPOSED OF) FIXED ASSETS				
CONTRIBUTED CAPITAL				4,806
EQUITY TRANSFER FROM GENERAL FUND				3,040
NET CHANGE IN FUND EQUITY	18,967	596	(3,341)	8,484
FUND EQUITY, JULY 1 (Note 2)	121,948	4,570	6,642	6,407
FUND EQUITY, JUNE 30 (Note 2)	$ 140,915	$ 5,166	$ 3,301	$ 14,891

See accompanying Notes to the Financial Statements

COMPREHENSIVE HEALTH INSURANCE	SMALL BUSINESS ENERGY LOAN PROGRAM	HOUSING REHABILITATION	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
		$ 60	$ 1,760	$ 11,375	$ 10,946
$ 138	$ 15		565	147,466	132,312
10,126			35,524	45,650	30,702
10,264	15	60	37,849	204,491	173,960
			1,272	3,342	3,164
26			499	1,225	1,864
				3,769	3,148
			161	219	160
			49	316	341
			139	131,057	116,963
			16	404	354
17,993			39,038	57,031	36,974
593			849	2,265	1,845
18,612			42,023	199,628	164,813
(8,348)	15	60	(4,174)	4,863	9,147
	312		100	23,223	22,152
				(26,223)	(22,160)
				7,705	7,954
2,867				2,867	277
2,867	312		100	7,572	8,223
(5,481)	327	60	(4,074)	12,435	17,370
				25	25
		(723)		(4,723)	139
(5,481)	327	(663)	(4,074)	7,737	17,534
				(768)	(425)
(5,481)	327	(663)	(4,074)	6,969	17,109
			(27)	(27)	63
			956	5,762	412
			244	3,284	5,609
(5,481)	327	(663)	(2,901)	15,988	23,193
(1,872)	204	663	(1,001)	137,561	114,368
$ (7,353)	$ 531	$ -	$ (3,902)	$ 153,549	$ 137,561

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	HOUSING DEVELOPMENT AGENCY	LOCAL DEVELOPMENT AUTHORITY	STATE LOAN PROGRAM	SEWER TREATMENT LOAN
SOURCES OF WORKING CAPITAL:				
OPERATIONS:				
INCOME BEFORE EXTRAORDINARY ITEM	$ 19,735	$ 596	$ (3,341)	$ 638
ITEMS NOT REQUIRING WORKING CAPITAL -				
DISCOUNT AMORTIZATION	1,290			
DEPRECIATION AND AMORTIZATION	248	140		
DEEP DISCOUNT BOND ACCRETION	7,028			
LOSS ON DISPOSAL OF FIXED ASSETS				
WORKING CAPITAL PROVIDED BY OPERATIONS EXCLUSIVE OF EXTRAORDINARY ITEMS	28,301	736	(3,341)	638
EXTRAORDINARY ITEMS	(768)			
WORKING CAPITAL PROVIDED BY OPERATIONS	27,533	736	(3,341)	638
PROCEEDS FROM SALE OF BONDS	169,951			
DECREASE IN LOANS TO OTHER GOVERNMENTS			3,244	
INCREASE IN ADVANCES FROM OTHER FUNDS				
DECREASE IN LOANS RECEIVABLE	52,194			
SALE OF LONG-TERM INVESTMENTS	4,087	88		
EQUITY TRANSFER FROM GENERAL FUND				3,040
CONTRIBUTED CAPITAL				4,806
TOTAL SOURCES OF WORKING CAPITAL	253,765	824	(97)	8,484
USES OF WORKING CAPITAL:				
PURCHASE OF LONG-TERM INVESTMENTS	22,822			
INCREASE IN LOANS TO LOCAL GOVERNMENTS		611		6,114
INCREASE IN LOANS RECEIVABLE	190,528			
INCREASE IN DEFERRED CHARGES	441			
ACQUISITION OF FIXED ASSETS	38			
EQUITY TRANSFER TO GENERAL FUND				
DECREASE IN LONG-TERM DEBT	62,915	1,883	3,195	
TOTAL USES OF WORKING CAPITAL	276,744	2,494	3,195	6,114
NET CHANGE IN WORKING CAPITAL	$ (22,979)	$ (1,670)	$ (3,292)	$ 2,370
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:				
CASH AND CASH EQUIVALENTS	$ (37,511)	$ (10,963)	$ (3,271)	$ 2,042
ACCOUNTS RECEIVABLE	357			
INTEREST RECEIVABLE	1,119	27	8	
LOANS RECEIVABLE	2,944			
CURRENT DUE FROM OTHER GOVERNMENTS	16	133	145	3
INTERFUND RECEIVABLES				
WARRANTS PAYABLE	(125)	(514)	6	155
ACCOUNTS PAYABLE AND ACCRUALS	(3,419)	813	(35)	
INTERFUND PAYABLES	(3)			
NOTES PAYABLE		8,967		
CURRENT PORTION OF LONG-TERM DEBT	13,326	(133)	(145)	
DEFERRED REVENUE	317			170
NET CHANGE IN WORKING CAPITAL	$ (22,979)	$ (1,670)	$ (3,292)	$ 2,370

See accompanying Notes to the Financial Statements

COMPREHENSIVE HEALTH INSURANCE	SMALL BUSINESS ENERGY LOAN PROGRAM	HOUSING REHABILITATION	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
$ (5,481)	$ 327	$ (663)	$ (4,074)	$ 7,737	$ 17,534
				1,290	1,257
			16	404	354
				7,028	6,081
			4	4	
(5,481)	327	(663)	(4,054)	16,463	25,226
				(768)	(425)
(5,481)	327	(663)	(4,054)	15,695	24,801
			2,515	172,466	331,507
				3,244	2,764
			200	200	
				52,194	44,596
				4,175	82
			265	3,305	5,609
			956	5,762	412
(5,481)	327	(663)	(118)	257,041	409,771
				22,822	48,001
				6,725	3,898
	229			190,757	200,436
			93	534	814
			1,481	1,519	44
			21	21	
				67,993	76,931
	229		1,595	290,371	330,124
$ (5,481)	$ 98	$ (663)	$ (1,713)	$ (33,330)	$ 79,647
$ (1,184)	$ 53	$ (664)	$ (642)	$ (52,140)	$ 126,040
100			(6)	451	1,588
				1,154	1,538
	45			2,989	2,471
			162	459	(1,864)
			2,363	2,363	(4)
(632)			(90)	(1,200)	207
(3,203)			(2,039)	(7,883)	(25,535)
			(550)	(553)	(4)
				5,967	(2,699)
				13,048	(20,137)
(562)		1	(911)	(985)	(1,954)
$ (5,481)	$ 98	$ (663)	$ (1,713)	$ (33,330)	$ 79,647

STATE OF TENNESSEE
COMBINING BALANCE SHEET
OTHER ENTERPRISE FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	VETERANS' NURSING HOME	TEACHER GROUP INSURANCE	PROPERTY UTILIZATION	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	$ 283	$ 6,119	$ 167	$ 6,569	$ 7,211
RECEIVABLES:					
ACCOUNTS		52	100	152	158
DUE FROM OTHER GOVERNMENTS - CURRENT PORTION	162			162	
INTERFUND RECEIVABLES (NOTE 2)	2,353		12	2,365	2
TOTAL CURRENT ASSETS	2,798	6,171	279	9,248	7,371
DEFERRED CHARGES	90			90	
FIXED ASSETS:					
LAND, at cost	34		29	63	29
STRUCTURES AND IMPROVEMENTS, at cost			106	106	106
MACHINERY AND EQUIPMENT, at cost			205	205	434
LESS ACCUMULATED DEPRECIATION			(192)	(192)	(353)
CONSTRUCTION IN PROGRESS	1,471			1,471	
TOTAL FIXED ASSETS	1,505		148	1,653	216
TOTAL ASSETS	$ 4,393	$ 6,171	$ 427	$ 10,991	$ 7,587
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
CURRENT LIABILITIES:					
WARRANTS PAYABLE		$ 699	$ 23	$ 722	$ 632
ACCOUNTS PAYABLE AND ACCRUALS	$ 92	6,907	199	7,198	5,159
INTERFUND PAYABLES (Note 2)	549		10	559	9
DEFERRED REVENUE		3,699		3,699	2,788
TOTAL CURRENT LIABILITIES	641	11,305	232	12,178	8,588
ADVANCES FROM OTHER FUNDS	200			200	
LONG-TERM DEBT - BONDS PAYABLE, NET (Note 3)	2,515			2,515	
TOTAL LONG-TERM DEBT	2,715			2,715	
TOTAL LIABILITIES	3,356	11,305	232	14,893	8,588
FUND EQUITY (Note 2):					
CONTRIBUTED CAPITAL	990		969	1,959	1,128
RETAINED EARNINGS	47	(5,134)	(774)	(5,861)	(2,129)
TOTAL FUND EQUITY	1,037	(5,134)	195	(3,902)	(1,001)
TOTAL LIABILITIES AND FUND EQUITY	$ 4,393	$ 6,171	$ 427	$ 10,991	$ 7,587

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30,1989)

(Expressed in Thousands)

	VETERANS' NURSING HOME	TEACHER GROUP INSURANCE	PROPERTY UTILIZATION	STATE EMPLOYEES' CAFETERIA	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
OPERATING REVENUES:						
CHARGES FOR SERVICES			$ 1,760		$ 1,760	$ 1,683
INTEREST INCOME	$ 150	$ 415			565	527
PREMIUMS		35,524			35,524	26,328
TOTAL OPERATING REVENUES	150	35,939	1,760		37,849	28,538
OPERATING EXPENSES:						
PERSONAL SERVICES	32		1,240		1,272	1,219
CONTRACTUAL SERVICES	4		495		499	404
MATERIALS AND SUPPLIES			161		161	114
RENTALS AND INSURANCE		14	35		49	65
INTEREST	139				139	
DEPRECIATION AND AMORTIZATION	3		13		16	38
OTHER	25	716	108		849	666
BENEFITS		39,038			39,038	28,362
TOTAL OPERATING EXPENSES	203	39,768	2,052		42,023	30,868
OPERATING (LOSS)	(53)	(3,829)	(292)		(4,174)	(2,330)
NONOPERATING REVENUES:						
OPERATING GRANTS	100				100	
TOTAL NONOPERATING REVENUES	100				100	
NET INCOME(LOSS) /CHANGE IN RETAINED EARNINGS	47	(3,829)	(292)		(4,074)	(2,330)
OTHER CHANGES IN FUND EQUITY:						
CONTRIBUTED(DISPOSED OF) FIXED ASSETS	34			$ (61)	(27)	63
CONTRIBUTED CAPITAL	956				956	
EQUITY TRANSFER FROM (TO) GENERAL FUND			265	(21)	244	258
NET CHANGE IN FUND EQUITY	1,037	(3,829)	(27)	(82)	(2,901)	(2,009)
FUND EQUITY, JULY 1		(1,305)	222	82	(1,001)	1,008
FUND EQUITY, JUNE 30 (Note 2)	$ 1,037	$ (5,134)	$ 195	$ -	$ (3,902)	$ (1,001)

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	VETERANS' NURSING HOME	TEACHER GROUP INSURANCE	PROPERTY UTILIZATION	STATE EMPLOYEES' CAFETERIA	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
SOURCES OF WORKING CAPITAL:						
OPERATIONS:						
NET INCOME(LOSS)	$ 47	$ (3,829)	$ (292)		$ (4,074)	$ (2,330)
ITEMS NOT REQUIRING WORKING CAPITAL -						
DEPRECIATION AND AMORTIZATION	3		13		16	38
LOSS ON DISPOSAL OF FIXED ASSETS			4		4	
WORKING CAPITAL PROVIDED BY OPERATIONS	50	(3,829)	(275)		(4,054)	(2,292)
PROCEEDS FROM SALE OF BONDS	2,515				2,515	
INCREASE IN ADVANCES FROM OTHER FUNDS	200				200	
EQUITY TRANSFER FROM GENERAL FUND			265		265	258
CONTRIBUTED CAPITAL	956				956	
TOTAL SOURCES OF WORKING CAPITAL	3,721	(3,829)	(10)		(118)	(2,034)
USES OF WORKING CAPITAL:						
INCREASE IN DEFERRED CHARGES	93				93	
ACQUISITION OF FIXED ASSETS	1,471		10		1,481	7
EQUITY TRANSFER TO GENERAL FUND				$ 21	21	
TOTAL USES OF WORKING CAPITAL	1,564		10	21	1,595	7
NET CHANGE IN WORKING CAPITAL	$ 2,157	$ (3,829)	$ (20)	$ (21)	$ (1,713)	$ (2,041)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:						
CASH AND CASH EQUIVALENTS	$ 283	$ (866)	$ (38)	$ (21)	$ (642)	$ 877
ACCOUNTS RECEIVABLE		(4)	(2)		(6)	64
CURRENT DUE FROM OTHER GOVERNMENTS	162				162	
INTERFUND RECEIVABLES	2,353		10		2,363	(4)
WARRANTS PAYABLE		(94)	4		(90)	(374)
ACCOUNTS PAYABLE AND ACCRUALS	(92)	(1,954)	7		(2,039)	(1,682)
INTERFUND PAYABLES	(549)		(1)		(550)	(4)
DEFERRED REVENUE		(911)			(911)	(918)
NET CHANGE IN WORKING CAPITAL	$ 2,157	$ (3,829)	$ (20)	$ (21)	$ (1,713)	$ (2,041)

See accompanying Notes to the Financial Statements

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the operations of state agencies that provide goods or services to other state agencies on a cost-reimbursement basis. The following operations are included in these funds:

Office of Information Resources, a division of the Department of Finance and Administration - This agency functions as the data processing service bureau for state government.

Claims Award - This fund was created in 1985 to pay awards for claims made against the state once validity of the claims has been determined by the Tennessee Claims Commission.

Motor Vehicle Management, a division of the Department of General Services - This division is responsible for administering a uniform program for the operation and maintenance of all state vehicles.

Printing, a division of the Department of General Services - This agency operates a printing facility to provide such services as general printing, typesetting and binding for state agencies located in Nashville and has responsibility for the installation and management of state-owned copier machines located in selected state agencies with high volume activity. In addition, this division provides photographic services to the various state agencies.

Facilities Revolving Fund - This fund was created in 1989 to provide for the maintenance, repair and total housing needs of state government. This fund is being phased in. The first year it included only downtown Nahville. Fiscal year 90-91 will see the fund expand to include all office and warehouse space in Davidson, Knox, Madison, Shelby, Washington, Hamilton, and Sullivan Counties.

Employee Group Insurance Fund - Established in January 1978, this fund is used to account for transactions pertaining to the state's self-insured group medical plan. Prior to 1978, medical insurance was provided by a private carrier. Group life and accident insurance premiums paid to a private insurance company are also recorded in this fund.

Tennessee State School Bond Authority (TSSBA) - Established in 1965, the TSSBA provides a mechanism for financing building projects for the state's universities. Agreements are executed between the governing boards of the institutions and the TSSBA, and revenue bonds are issued using the constructed facilities as collateral. Charges levied by the universities on users of the facilities provide the funds necessary for payment of principal and interest on bonds. Any collections in excess of these requirements are retained by the institutions to cover administrative fees, building maintenance and related costs.

Legislative Services, a division of the Legislative branch - This division collects revenue from the printing and distribution of proposed bills, legislative calendars and other information during the legislative session.

Communications Management, a division of the Department of General Services - This division is responsible for designing, implementing, and operating a voice, data, and telephone communications system. Effective July 1, 1990, this division will be merged with the Office of Information Resources.

Other - Three smaller internal service agencies are included in this group, as follows:

1. Capitol Print Shop, a division of the Office of the Comptroller - This facility is responsible for providing printing, mailing and other office services for the state agencies located in the Capitol.

2. Postal Services, a division of the Department of General Services - This agency processes and distributes incoming, outgoing and interdepartmental mail for state agencies located in Nashville.

3. Building Management, a division of the Department of General Services - This division was responsible for the maintenance, repair and upkeep of selected state owned buildings located in Chattanooga, Memphis, Knoxville and Jackson. Effective July 1, 1989, this fund was abolished.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	OFFICE OF INFORMATION RESOURCES	CLAIMS AWARD	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	FACILITIES REVOLVING FUND
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	$ 4,917	$ 62,844	$ 599	$ 1,663	$ 9,763
CASH ON DEPOSIT WITH FISCAL AGENT					
ACCOUNTS RECEIVABLE			108	2	1
INTERFUND RECEIVABLES (NOTE 2)			21		
INVENTORIES, at cost	199		86	211	53
PREPAID EXPENSES	1,219				
TOTAL CURRENT ASSETS	6,335	62,844	814	1,876	9,817
OTHER ASSETS:					
INVESTMENTS, at cost					
DEFERRED CHARGES					
TOTAL OTHER ASSETS					
FIXED ASSETS:					
LAND, at cost					15,265
STRUCTURES AND IMPROVEMENTS, at cost			168		148,903
MACHINERY AND EQUIPMENT, at cost	53,057		38,297	3,496	
LESS ACCUMULATED DEPRECIATION	(28,829)		(13,049)	(2,386)	(49,748)
TOTAL FIXED ASSETS	24,228		25,416	1,110	114,420
TOTAL ASSETS	$ 30,563	$ 62,844	$ 26,230	$ 2,986	$ 124,237
LIABILITIES AND FUND EQUITY					
LIABILITIES:					
CURRENT LIABILITIES:					
WARRANTS PAYABLE	$ 446	$ 302	$ 371	$ 68	$ 132
ACCOUNTS PAYABLE AND ACCRUALS:					
ACCOUNTS PAYABLE	2,005	41,355	411	207	899
ACCRUED PAYROLL AND RELATED DEDUCTIONS	1,031		89	191	
INTERFUND PAYABLES (Note 2)	72		7	15	
DEFERRED REVENUE	467				
TOTAL CURRENT LIABILITIES	4,021	41,657	878	481	1,031
LONG-TERM DEBT:					
BONDS PAYABLE (Note 3)					
CALL PREMIUMS PAYABLE					
TOTAL LONG-TERM DEBT					
TOTAL LIABILITIES	4,021	41,657	878	481	1,031
FUND EQUITY (Note 2):					
CONTRIBUTED CAPITAL:					
CAPITAL GRANTS			121		
GOVERNMENTS CONTRIBUTIONS	14,497		3,179	1,341	118,087
RETAINED EARNINGS(DEFICIT)	12,045	21,187	22,052	1,164	5,119
TOTAL FUND EQUITY	26,542	21,187	25,352	2,505	123,206
TOTAL LIABILITIES AND FUND EQUITY	$ 30,563	$ 62,844	$ 26,230	$ 2,986	$ 124,237

See accompanying Notes to the Financial Statements

EMPLOYEE GROUP INSURANCE	STATE SCHOOL BOND AUTHORITY	LEGISLATIVE SERVICES	OTHER	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
$ 26,280	$ 3,255	$ 158	$ 876	$ 110,385	$ 114,551
	257			257	8,148
1,440		3		1,554	2,561
				21	161
			234	783	1,004
			22	1,241	750
27,720	3,542	161	1,132	114,241	127,175
	68,576			68,576	68,516
	1,433			1,433	1,866
	70,009			70,009	70,382
				15,265	1,618
				149,071	18,838
			665	95,515	82,222
			(249)	(94,261)	(44,521)
			416	165,590	58,157
$ 27,720	$ 73,551	$ 161	$ 1,548	$ 349,840	$ 255,714
$ 4,874	$ 20	$ 1	$ 34	$ 6,248	$ 6,593
23,128	952		44	69,001	85,303
		1	129	1,441	1,337
			6	100	521
7,601				8,068	6,833
35,603	972	2	213	84,858	100,587
	68,845			68,845	68,756
	1,979			1,979	1,979
	70,824			70,824	70,735
35,603	71,796	2	213	155,682	171,322
				121	121
		86	259	137,449	53,259
(7,883)	1,755	73	1,076	56,588	31,012
(7,883)	1,755	159	1,335	194,158	84,392
$ 27,720	$ 73,551	$ 161	$ 1,548	$ 349,840	$ 255,714

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	OFFICE OF INFORMATION RESOURCES	CLAIMS AWARD	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	FACILITIES REVOLVING FUND
OPERATING REVENUES:					
CHARGES FOR SERVICES	$ 31,054	$ 26,923	$ 13,491	$ 5,285	$ 29,099
INTEREST INCOME					
PREMIUMS					
OTHER			282		
TOTAL OPERATING REVENUES	31,05[illegible]	26,923	13,773	5,285	29,099
OPERATING EXPENSES:					
PERSONAL SERVICES	7,866		886	1,908	
CONTRACTUAL SERVICES	6,703	3,058	531	975	12,807
MATERIALS AND SUPPLIES	3,612		3,353	1,510	396
RENTALS AND INSURANCE	3,824		238	533	1,684
INTEREST					
DEPRECIATION AND AMORTIZATION	6,360		5,985	353	2,593
BENEFITS		(3,473)			
OTHER	152		5	38	11
TOTAL OPERATING EXPENSES	28,517	(415)	10,998	5,317	17,491
INCOME(LOSS) BEFORE OPERATING TRANSFERS	2,537	27,338	2,775	(32)	11,608
OPERATING TRANSFER FROM (TO) GENERAL FUND		(6,300)		8	
OPERATING TRANSFER (TO) DEBT SERVICE FUND					(6,489)
NET INCOME(LOSS)/CHANGE IN RETAINED EARNINGS	2,537	21,038	2,775	(24)	5,119
OTHER CHANGES IN FUND EQUITY					
CONTRIBUTED (DISPOSED OF) FIXED ASSETS			1,362	29	117,013
EQUITY TRANSFER FROM (TO) GENERAL FUND			(16,536)		78
EQUITY TRANSFER FROM (TO) INTERNAL SERVICE FUND	4,360				996
NET CHANGE IN FUND EQUITY	6,897	21,038	(12,399)	5	123,206
FUND EQUITY, JULY 1(Note 2)	19,645	149	37,751	2,500	
FUND EQUITY, JUNE 30	$ 26,542	$ 21,187	$ 25,352	$ 2,505	$ 123,206

See accompanying Notes to the Financial Statements

EMPLOYEE GROUP INSURANCE	STATE SCHOOL BOND AUTHORITY	LEGISLATIVE SERVICES	COMMUNICATIONS MANAGEMENT	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
		$ 118	$ 3,550	$ 4,521	$ 114,041	$ 77,483
$ 2,165	$ 4,644				6,809	11,086
140,417					140,417	121,400
					282	
142,582	4,644	118	3,550	4,521	261,549	209,969
		33	649	1,157	12,499	12,561
		114	1,032	350	25,570	10,211
			1,059	2,744	12,674	11,583
28,976			109	71	35,435	33,832
	4,400				4,400	4,400
	522		1,064	95	16,972	13,387
117,233					113,780	126,246
3,758			23	45	4,033	4,287
149,967	4,922	147	3,936	4,462	225,342	216,507
(7,385)	(278)	(29)	(386)	59	36,207	(6,538)
					(6,292)	
					(6,489)	
(7,385)	(278)	(29)	(386)	59	23,426	(6,538)
				(15,653)	102,751	8,468
				47	(16,411)	
			(4,360)	(996)		
(7,385)	(278)	(29)	(4,746)	(16,543)	109,766	1,930
(498)	2,033	188	4,746	17,878	84,392	82,462
$ (7,883)	$ 1,755	$ 159	$ -	$ 1,335	$ 194,158	$ 84,392

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	OFFICE OF INFORMATION RESOURCES	CLAIMS AWARD	MOTOR VEHICLE MANAGEMENT	GENERAL SERVICES PRINTING	FACILITIES REVOLVING FUND
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
NET INCOME(LOSS)	$ 2,537	$ 21,038	$ 2,775	$ (24)	$ 5,119
ITEMS NOT REQUIRING WORKING CAPITAL-					
DEPRECIATION AND AMORTIZATION	6,360		5,985	353	2,593
LOSS ON DISPOSAL OF FIXED ASSETS	75			5	
WORKING CAPITAL PROVIDED BY OPERATIONS	8,972	21,038	8,760	334	7,712
DISPOSAL OF FIXED ASSETS	18		1,485		
EQUITY TRANSFERS FROM GENERAL FUND					78
EQUITY TRANSFERS FROM INTERNAL SERVICE FUND	4,360				996
DECREASE IN NONCURRENT RECEIVABLE					
TOTAL SOURCES OF WORKING CAPITAL	13,350	21,038	10,245	334	8,786
USES OF WORKING CAPITAL:					
PURCHASE OF LONG-TERM INVESTMENTS					
ACQUISITION OF FIXED ASSETS	15,062		7,934	671	
EQUITY TRANSFERS TO GENERAL FUND			16,536		
EQUITY TRANSFERS TO INTERNAL SERVICE FUND					
DECREASE IN ADVANCE FROM OTHER FUNDS					
TOTAL USES OF WORKING CAPITAL	15,062		24,470	671	
NET CHANGE IN WORKING CAPITAL	$ (1,712)	$ 21,038	$ (14,225)	$ (337)	$ 8,786
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
CASH AND CASH EQUIVALENTS	$ (935)	$ 8,654	$ (13,872)	$ (378)	$ 9,763
CASH ON DEPOSIT WITH FISCAL AGENT					
ACCOUNTS RECEIVABLE	(316)		27	(3)	1
INTERFUND RECEIVABLES			(140)		
INVENTORIES	(216)		8	(31)	53
PREPAID EXPENSES	505				
WARRANTS PAYABLE	379	(103)	(81)	19	(132)
ACCOUNTS PAYABLE AND ACCRUALS	(1,176)	12,487	(167)	56	(899)
INTERFUND PAYABLES	411				
DEFERRED REVENUE	(364)				
NET CHANGE IN WORKING CAPITAL	$ (1,712)	$ 21,038	$ (14,225)	$ (337)	$ 8,786

See accompanying Notes to the Financial Statements

EMPLOYEE GROUP INSURANCE	STATE SCHOOL BOND AUTHORITY	LEGISLATIVE SERVICES	COMMUNICATIONS MANAGEMENT	OTHER	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	JUNE 30, 1989
$ (7,385)	$ (278)	$ (29)	$ (386)	$ 59	$ 23,426	$ (6,538)
	522		1,064	95	16,972	13,387
					80	135
(7,385)	244	(29)	678	154	40,478	6,984
			1,831		3,334	1,824
				47	125	
					5,356	
						316
(7,385)	244	(29)	2,509	201	49,293	9,124
	60				60	61
			585	294	24,546	13,897
					16,536	
			4,360	996	5,356	
						421
	60		4,945	1,290	46,498	14,379
$ (7,385)	$ 184	$ (29)	$ (2,436)	$ (1,089)	$ 2,795	$ (5,255)
$ (3,589)	$ 145	$ (30)	$ (2,651)	$ (1,273)	$ (4,186)	$ 13,386
	(7,891)				(7,891)	7,396
(701)		(1)		(14)	(1,007)	335
					(140)	(44)
			(22)	(13)	(221)	606
				(14)	491	343
75		2	91	95	345	(2,343)
(2,299)	7,930		141	125	16,196	(24,476)
			5	5	421	418
(871)					(1,235)	(876)
$ (7,385)	$ 184	$ (29)	$ (2,436)	$ (1,089)	$ 2,795	$ (5,255)

STATE OF TENNESSEE
COMBINING BALANCE SHEET
OTHER INTERNAL SERVICE FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	CAPITOL PRINT SHOP	POSTAL SERVICES	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
CURRENT ASSETS:				
CASH AND CASH EQUIVALENTS	$ 340	$ 536	$ 876	$ 2,149
ACCOUNTS RECEIVABLE				14
INVENTORIES, at cost	117	117	234	247
PREPAID EXPENSES	8	14	22	36
TOTAL CURRENT ASSETS	465	667	1,132	2,446
FIXED ASSETS:				
LAND, at cost				1,618
STRUCTURES AND IMPROVEMENTS, at cost				18,670
MACHINERY AND EQUIPMENT, at cost	372	293	665	471
LESS ACCUMULATED DEPRECIATION	(159)	(90)	(249)	(4,889)
TOTAL FIXED ASSETS	213	203	416	15,870
TOTAL ASSETS	$ 678	$ 870	$ 1,548	$ 18,316
LIABILITIES AND FUND EQUITY				
LIABILITIES:				
WARRANTS PAYABLE	$ 15	$ 19	$ 34	$ 129
ACCOUNTS PAYABLE AND ACCRUALS:				
ACCOUNTS PAYABLE	39	5	44	118
ACCRUED PAYROLL AND RELATED DEDUCTIONS	22	107	129	180
INTERFUND PAYABLES (Note 2)		6	6	11
TOTAL LIABILITIES	76	137	213	438
FUND EQUITY:				
CONTRIBUTED CAPITAL	234	25	259	19,011
RETAINED EARNINGS	368	708	1,076	(1,133)
TOTAL FUND EQUITY	602	733	1,335	17,878
TOTAL LIABILITIES AND FUND EQUITY	$ 678	$ 870	$ 1,548	$ 18,316

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
OTHER INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	CAPITOL PRINT SHOP	POSTAL SERVICES	BUILDING MANAGEMENT	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
OPERATING REVENUES:					
CHARGES FOR SERVICES	$ 844	$ 3,677		$ 4,521	$ 6,768
TOTAL OPERATING REVENUES	844	3,677		4,521	6,768
OPERATING EXPENSES:					
PERSONAL SERVICES	411	812	$ (66)	1,157	1,776
CONTRACTUAL SERVICES	209	141		350	1,809
MATERIALS AND SUPPLIES	175	2,569		2,744	2,608
RENTALS AND INSURANCE	50	21		71	52
DEPRECIATION AND AMORTIZATION	51	44		95	596
OTHER		45		45	42
TOTAL OPERATING EXPENSES	896	3,632	(66)	4,462	6,883
NET INCOME(LOSS)/CHANGE IN RETAINED EARNINGS	(52)	45	66	59	(115)
OTHER CHANGES IN FUND EQUITY					
CONTRIBUTED (DISPOSAL OF) FIXED ASSETS			(15,653)	(15,653)	6,556
EQUITY TRANSFER FROM GENERAL FUND	47			47	
EQUITY TRANSFER (TO) INTERNAL SERVICE FUND			(996)	(996)	
NET CHANGE IN FUND EQUITY	(5)	45	(16,583)	(16,543)	6,441
FUND EQUITY, JULY 1	607	688	16,583	17,878	11,437
FUND EQUITY, JUNE 30	$ 602	$ 733	$ -	$ 1,335	$ 17,878

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
OTHER INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

	CAPITOL PRINT SHOP	POSTAL SERVICES	BUILDING MANAGEMENT	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
SOURCES OF WORKING CAPITAL:					
OPERATIONS:					
NET INCOME	$ (52)	$ 45	$ 66	$ 59	$ (115)
ITEMS NOT REQUIRING WORKING CAPITAL					
DEPRECIATION AND AMORTIZATION	51	44		95	596
WORKING CAPITAL PROVIDED BY OPERATIONS	(1)	89	66	154	481
EQUITY TRANSFER FROM GENERAL FUND	47			47	
DISPOSAL OF FIXED ASSETS					1
TOTAL SOURCES OF WORKING CAPITAL	46	89	66	201	482
USES OF WORKING CAPITAL:					
ACQUISITION OF FIXED ASSETS	108	186		294	115
EQUITY TRANSFER TO INTERNAL SERVICE FUND			996	996	
TOTAL USES OF WORKING CAPITAL	108	186	996	1,290	115
NET CHANGE IN WORKING CAPITAL	$ (62)	$ (97)	$ (930)	$ (1,089)	$ 367
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:					
CASH AND CASH EQUIVALENTS	$ (103)	$ (36)	$ (1,134)	$ (1,273)	$ 228
ACCOUNTS RECEIVABLE			(14)	(14)	12
INVENTORIES	25	(38)		(13)	103
PREPAID EXPENSES	3	(17)		(14)	18
WARRANTS PAYABLE	39	11	45	95	(7)
ACCOUNTS PAYABLE AND ACCRUALS	(26)	(17)	168	125	14
INTERFUND PAYABLES			5	5	(1)
NET CHANGE IN WORKING CAPITAL	$ (62)	$ (97)	$ (930)	$ (1,089)	$ 367

See accompanying Notes to the Financial Statements

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. Trust funds include the Employment Security Fund, the Local Government Investment Fund, the Employee Flexible Benefits, the Student Assistance Corporation Fund, the Board of Equalization Loan Fund, the Chairs of Excellence Fund and the Pension Trust Fund. The Local Government Fund, the Contingent Revenue Fund, the Deferred Compensation Fund, the Bond Refunding Fund, and the Community Development Fund are agency funds.

Expendable Trust Funds:

Employment Security Fund - This fund is maintained to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants. Funds are also received from the federal government for local office building construction, supplemental unemployment programs and work incentive payments. As required by law, all funds not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest earned from these moneys is retained in the fund. Administrative and operational expenses incurred by the Department of Employment Security are expenditures of the General Fund.

Local Government Investment Fund - This fund was created in July 1980 to account for local government deposits with the state treasurer and the related interest earnings. Through this program the participating local governments achieve higher investment income by pooling their funds than they could realize individually.

Employee Flexible Benefits - Established in January 1988, this fund is used to account for monies contributed by employees under the IRC Section 125 cafeteria plan. Revenues in this fund are generated by forfeitures by employees. Expenditures or transfers of this fund include administrative, the state's day care, and employee group insurance.

Nonexpendable Trust Funds:

Student Assistance Corporation Fund - This fund is used to account for the operations of the Tennessee Student Assistance Corporation (TSAC), a nonprofit organization created to administer loan and grant programs to students attending higher education institutions. TSAC was established in 1974 to (1) guarantee loans made to eligible students, (2) administer state awards of financial assistance to eligible students, and (3) administer the nursing and medical loan scholarship programs.

Board of Equalization Loan Fund - This fund was created in 1963 to account for state loans to city and county governments for a program of assessment, reassessment or equalization of property taxes. In 1967, the program was expanded to also enable grants to be made for these purposes. Cash in the fund not needed for loans or grants may be transferred to other state activities by legislative act.

Chairs of Excellence Fund - This fund was created by the General Assembly in 1986. Its purpose is to endow faculty chairs at the Tennessee Board of Regents and University of Tennessee campuses in order to attract more highly qualified professors. For a chair to be established, private contributions which a school collects are matched by monies the state has appropriated to fund this program. The chair also receives the interest earned from investment of these matched monies.

Pension Trust Fund:

The Tennessee Consolidated Retirement System was established in July 1972 superseding seven former retirement systems. The accounts of each superseded system was transferred to the new system wherein separate accounting is maintained for assets and liabilities attributable to the various classes of members and beneficiaries. Benefits under the system are funded by contributions of members and employers. Effective July 1982, contributions of up to 5% of the retirement credible compensation of most classes of state employees, formerly paid by those employees, were assumed by the state pursuant to non-contributory legislation. The level of contributions is determined by actuarial valuation, the latest having been performed as of June 30, 1989. As of that date there were 153,882 active members and 51,155 retired members representing a 4% and 6% increase, respectively, since the previous actuarial valuation in 1987.

Agency Funds:

Local Government Fund - The purpose of the Local Government Fund is to serve as a clearing mechanism for state-shared taxes and other funds distributed to the various counties and cities of the state.

Contingent Revenue Fund - This fund is used to account for refundable deposits and other receipts held in trust until the state has the right to transfer them to operating funds or until there is proper authorization to disburse them directly to others.

Deferred Compensation Fund - This fund is used to report the market value of investments accumulated in the state's IRC Section 457 deferred compensation plan.

Bond Refunding Fund - This fund is used to account for the refunding bond issue for the Local Development Authority for which the State Treasurer is the trustee.

Community Development Fund - This fund is used to account for the monies held in trust for the federal government under the Community Development Block Grant program. When the loans are repaid the monies revert to the U.S. Treasury.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 1990
(With comparative totals for June 30,1989)

(Expressed in Thousands)

ASSETS	EXPENDABLE TRUST	NONEXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 545,889	$ 38,234	$ 471,891	$ 183,775	$ 1,239,789	$ 1,240,905
CASH ON DEPOSIT WITH FISCAL AGENT	581,296				581,296	629,232
INVESTMENTS (Note 1)		104,708	7,439,780	93,096	7,637,584	6,662,230
RECEIVABLES:						
INTEREST AND DIVIDENDS		1,866	110,239	1,378	113,483	96,185
DUE FROM OTHER GOVERNMENTS		7,702	13,767		21,469	22,254
NOTES RECEIVABLE		6,667			6,667	3,917
OTHER, net of allowance for uncollectibles of $17,806 in 1990 and $18,634 in 1989 (Note 2)	63,788	2	4,855	121,558	190,203	188,308
INTERFUND RECEIVABLES (Note 2)	352	3,168	7,252	4,901	15,673	13,909
MACHINERY AND EQUIPMENT, at cost		45			45	34
LESS ACCUMULATED DEPRECIATION		(13)			(13)	(13)
TOTAL ASSETS	$ 1,291,324	$ 162,379	$ 8,047,784	$ 404,708	$ 9,906,195	$ 8,856,961
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
WARRANTS PAYABLE	$ 4,380	$ 366	$ 10,851	$ 2,207	$ 17,804	$ 20,164
ACCOUNTS PAYABLE AND ACCRUALS	5,416	1,793	16,284	252,116	275,609	301,404
INTERFUND PAYABLES (Note 2)	151,691	3,174			154,865	139,869
DEFERRED REVENUE	1,848	14			1,862	1,297
MEMBERS DEPOSITS	391,681				391,681	346,170
AMOUNTS HELD IN CUSTODY FOR OTHERS				125,991	125,991	130,108
ADVANCES FROM FEDERAL GOVERNMENT		1,128		24,394	25,522	22,902
TOTAL LIABILITIES	555,016	6,475	27,135	404,708	993,334	961,914
FUND BALANCES:						
RESERVED FOR BOARD OF EQUALIZATION LOAN FUND		16,571			16,571	7,082
RESERVED FOR PENSION BENEFITS			8,020,649		8,020,649	7,077,965
RESERVED FOR CHAIRS OF EXCELLENCE		107,288			107,288	97,997
RESERVED FOR UNEMPLOYMENT COMPENSATION BENEFITS	734,480				734,480	684,504
RESERVED FOR GUARANTEED STUDENT LOANS		26,860			26,860	22,596
RESERVED FOR SCHOLARSHIPS AND TEACHER LOANS		3,173			3,173	2,143
UNRESERVED:						
DESIGNATED FOR TRUST PURPOSES	1,828	2,012			3,840	2,760
TOTAL FUND BALANCES	736,308	155,904	8,020,649		8,912,861	7,895,047
TOTAL LIABILITIES AND FUND BALANCES	$ 1,291,324	$ 162,379	$ 8,047,784	$ 404,708	$ 9,906,195	$ 8,856,961

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	EMPLOYMENT SECURITY	LOCAL GOVERNMENT INVESTMENT	EMPLOYEE FLEXIBLE BENEFITS	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 785	$ 544,002	$ 1,102	$ 545,889	$ 485,338
CASH ON DEPOSIT WITH FISCAL AGENT	681,295			681,295	629,232
RECEIVABLES, net of allowance for uncollectibles of $14,006 in 1990 and $14,834 in 1989 (Note 2)	63,788			63,788	63,786
INTERFUND RECEIVABLE (Note 2)	141	134	77	352	184
TOTAL ASSETS	$ 746,009	$ 544,136	$ 1,179	$ 1,291,324	$ 1,178,540
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
WARRANTS PAYABLE	$ 4,310		$ 70	$ 4,380	$ 3,881
ACCOUNTS PAYABLE AND ACCRUALS	5,371		45	5,416	4,090
INTERFUND PAYABLES (Note 2)		$ 151,691		151,691	137,742
DEFERRED REVENUE	1,848			1,848	1,282
MEMBERS DEPOSITS		391,348	333	391,681	346,170
TOTAL LIABILITIES	11,529	543,039	448	555,016	493,165
FUND BALANCES:					
RESERVED FOR UNEMPLOYMENT COMPENSATION BENEFITS	734,480			734,480	684,504
UNRESERVED:					
DESIGNATED FOR TRUST PURPOSES		1,097	731	1,828	871
TOTAL FUND BALANCES	734,480	1,097	731	736,308	685,375
TOTAL LIABILITIES AND FUND BALANCES	$ 746,009	$ 544,136	$ 1,179	$ 1,291,324	$ 1,178,540

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1990
(With comparative totals for fiscal year ended June 30, 1989)

(Expressed in Thousands)

	EMPLOYMENT SECURITY	LOCAL GOVERNMENT INVESTMENT	EMPLOYEE FLEXIBLE BENEFITS	TOTALS FOR THE YEAR ENDED JUNE 30, 1990	TOTALS FOR THE YEAR ENDED JUNE 30, 1989
REVENUES:					
EMPLOYER PREMIUMS	$ 218,554			$ 218,554	$ 218,770
INTEREST INCOME	57,425	$ 48,391		105,816	87,812
FEDERAL	14,193			14,193	20,424
OTHER			$ 1,107	1,107	413
TOTAL REVENUES	290,172	48,391	1,107	339,670	327,419
EXPENDITURES:					
BENEFITS	240,196			240,196	207,825
INTEREST ON DEPOSITS		47,536		47,536	37,663
ADMINISTRATIVE FEES		454	457	911	968
TOTAL EXPENDITURES	240,196	47,990	457	288,643	246,456
EXCESS OF REVENUES OVER EXPENDITURES	49,976	401	650	51,027	80,963
OTHER FINANCING (USES): OPERATING TRANSFER (TO) GENERAL FUND			(94)	(94)	(47)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	49,976	401	556	50,933	80,916
FUND BALANCES, JULY 1 (Note 2)	684,504	696	175	685,375	604,459
FUND BALANCES, JUNE 30	$ 734,480	$ 1,097	$ 731	$ 736,308	$ 685,375

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING BALANCE SHEET
NONEXPENDABLE AND PENSION TRUST FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

	NONEXPENDABLE TRUST					TOTALS	
ASSETS	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	CHAIRS OF EXCELLENCE	SUB-TOTAL	PENSION TRUST	JUNE 30, 1990	JUNE 30, 1989
CURRENT ASSETS:							
CASH AND CASH EQUIVALENTS	$ 21,249	$ 13,050	$ 3,935	$ 38,234	$ 471,891	$ 510,125	$ 575,590
RECEIVABLES:							
INTEREST AND DIVIDENDS	53		1,813	1,866	110,239	112,105	94,802
DUE FROM OTHER GOVERNMENTS	1,341	6,361		7,702	13,767	21,469	22,254
NOTES RECEIVABLE	6,667			6,667		6,667	3,917
OTHER	2			2	4,855	4,857	13,172
INTERFUND RECEIVABLES (Note 2)	3,168			3,168	7,252	10,420	9,082
PREPAID EXPENSES							
TOTAL CURRENT ASSETS	32,480	19,411	5,748	57,639	608,004	665,643	718,817
OTHER ASSETS:							
LONG-TERM INVESTMENTS, at cost or amortized cost			104,708	104,708	7,439,780	7,544,488	6,575,101
MACHINERY AND EQUIPMENT, at cost	45			45		45	34
LESS ACCUMULATED DEPRECIATION	(13)			(13)		(13)	(13)
TOTAL FIXED ASSETS	32			32		32	21
TOTAL ASSETS	$ 32,512	$ 19,411	$ 110,456	$ 162,379	$ 8,047,784	$ 8,210,163	$ 7,293,939
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
WARRANTS PAYABLE	$ 366			$ 366	$ 10,851	$ 11,217	$ 13,716
ACCOUNTS PAYABLE AND ACCRUALS	965	$ 828		1,793	16,284	18,077	67,220
INTERFUND PAYABLES (Note 2)	6		$ 3,168	3,174		3,174	2,127
DEFERRED REVENUE	14			14		14	15
ADVANCE FROM FEDERAL GOVERNMENT	1,128			1,128		1,128	1,189
TOTAL LIABILITIES	2,479	828	3,168	6,475	27,135	33,610	84,267
FUND BALANCES:							
RESERVED FOR BOARD OF EQUALIZATION LOAN		16,571		16,571		16,571	7,082
RESERVED FOR PENSION BENEFITS					8,020,649	8,020,649	7,077,965
RESERVED FOR CHAIRS OF EXCELLENCE			107,288	107,288		107,288	97,997
RESERVED FOR GUARANTEED STUDENT LOANS	26,860			26,860		26,860	22,596
RESERVED FOR SCHOLARSHIPS AND TEACHER LOANS	3,173			3,173		3,173	2,143
UNRESERVED DESIGNATED FOR TRUST PURPOSES		2,012		2,012		2,012	1,889
TOTAL FUND BALANCES	30,033	18,583	107,288	155,904	8,020,649	8,176,553	7,209,672
TOTAL LIABILITIES AND FUND BALANCES	$ 32,512	$ 19,411	$ 110,456	$ 162,379	$ 8,047,784	$ 8,210,163	$ 7,293,939

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	NONEXPENDABLE TRUST					TOTALS FOR THE YEAR ENDED	
	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	CHAIRS OF EXCELLENCE	SUB-TOTAL	PENSION TRUST	JUNE 30, 1990	JUNE 30, 1989
OPERATING REVENUES:							
MEMBER CONTRIBUTIONS					$ 95,957	$ 95,957	$ 89,907
STATE CONTRIBUTIONS					324,725	324,725	307,704
POLITICAL SUBDIVISION CONTRIBUTIONS					32,023	32,023	28,588
INTEREST INCOME	$ 1,916	$ 123		$ 2,039	346,644	348,683	282,483
FOREIGN INVESTMENT INCOME					36,960	36,960	36,585
DIVIDEND INCOME					69,184	69,184	73,724
NET INCOME FROM INVESTMENT TRANSACTIONS			$ 9,766	9,766	262,819	272,585	86,238
DISCOUNT AMORTIZATION					73,108	73,108	80,177
OTHER	5,848			5,848		5,848	4,008
TOTAL OPERATING REVENUES	7,764	123	9,766	17,653	1,241,420	1,259,073	989,414
OPERATING EXPENSES:							
BENEFITS					278,175	278,175	258,320
DEPRECIATION AND AMORTIZATION	4			4		4	3
REFUNDS					20,561	20,561	20,665
AWARDS			4,855	4,855		4,855	3,000
LOAN CANCELLATIONS	219			219		219	124
ADMINISTRATIVE FEES	4,019		161	4,180		4,180	3,390
TOTAL OPERATING EXPENSES	4,242		5,016	9,258	298,736	307,994	285,502
OPERATING INCOME	3,522	123	4,750	8,395	942,684	951,079	703,912
NONOPERATING REVENUES (EXPENSES):							
OPERATING GRANTS	1,606			1,606		1,606	1,563
GRANTS EXPENSE	(13,475)	(1,511)		(14,986)		(14,986)	(13,303)
TOTAL NONOPERATING(EXPENSES)	(11,869)	(1,511)		(13,380)		(13,380)	(11,740)
INCOME(LOSS) BEFORE OPERATING TRANSFERS	(8,347)	(1,388)	4,750	(4,985)	942,684	937,699	692,172
OPERATING TRANSFER FROM:							
GENERAL FUND	13,641	11,000		24,641		24,641	20,160
COLLEGE AND UNIVERSITY FUNDS			1,583	1,583		1,583	2,250
NET INCOME	5,294	9,612	6,333	21,239	942,684	963,923	714,582
OTHER CHANGES IN FUND BALANCE: CONTRIBUTIONS FROM PRIVATE SOURCES			2,958	2,958		2,958	6,092
NET CHANGE IN FUND BALANCES	5,294	9,612	9,291	24,197	942,684	966,881	720,674
FUND BALANCES, JULY 1	24,739	8,971	97,997	131,707	7,077,965	7,209,672	6,488,998
FUND BALANCES, JUNE 30	$ 30,033	$ 18,583	$ 107,288	$ 155,904	$ 8,020,649	$ 8,176,553	$ 7,209,672

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
NONEXPENDABLE AND PENSION TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1990
(With comparative totals for the fiscal year ended June 30, 1989)

(Expressed in Thousands)

	NONEXPENDABLE TRUST					TOTALS FOR THE YEAR ENDED	
	STUDENT ASSISTANCE CORPORATION	BOARD OF EQUALIZATION LOAN	CHAIRS OF EXCELLENCE	SUB-TOTAL	PENSION TRUST	JUNE 30, 1990	JUNE 30, 1989
SOURCES OF WORKING CAPITAL:							
OPERATIONS:							
NET INCOME	$ 5,294	$ 9,612	$ 6,333	$ 21,239	$ 942,684	$ 963,923	$ 714,582
ITEMS NOT REQUIRING WORKING CAPITAL:							
DISCOUNT AMORTIZATION					(73,108)	(73,108)	(80,177)
DEPRECIATION AND AMORTIZATION	4			4		4	3
WORKING CAPITAL PROVIDED BY OPERATIONS	5,298	9,612	6,333	21,243	869,576	890,819	634,408
DISPOSAL OF FIXED ASSETS	1			1		1	
CONTRIBUTIONS FROM PRIVATE SOURCES			2,958	2,958		2,958	6,092
TOTAL SOURCES OF WORKING CAPITAL	5,299	9,612	9,291	24,202	869,576	893,778	640,500
USES OF WORKING CAPITAL:							
PURCHASE OF LONG-TERM INVESTMENTS			11,967	11,967	884,312	896,279	784,056
ACQUISITION OF FIXED ASSETS	16			16		16	
TOTAL USES OF WORKING CAPITAL	16		11,967	11,983	884,312	896,295	784,056
NET CHANGE IN WORKING CAPITAL	$ 5,283	$ 9,612	$ (2,676)	$ 12,219	$ (14,736)	$ (2,517)	$ (143,556)
ELEMENTS OF NET INCREASE (DECREASE) IN WORKING CAPITAL:							
CASH AND CASH EQUIVALENTS	$ 3,643	$ 8,652	$ (1,704)	$ 10,591	$ (76,056)	$ (65,465)	$ (158,552)
RECEIVABLES	372	401	74	847	10,106	10,953	30,994
INTERFUND RECEIVABLES	1,058			1,058	280	1,338	(448)
PREPAID EXPENSES							(1)
WARRANTS PAYABLE	72	904		976	1,523	2,499	(1,714)
ACCOUNTS PAYABLE AND ACCRUALS	77	(345)		(268)	49,411	49,143	(14,038)
INTERFUND PAYABLES	(1)		(1,046)	(1,047)		(1,047)	(568)
DEFERRED REVENUE	1			1		1	108
ADVANCE FROM FEDERAL GOVERNMENT	61			61		61	663
NET CHANGE IN WORKING CAPITAL	$ 5,283	$ 9,612	$ (2,676)	$ 12,219	$ (14,736)	$ (2,517)	$ (143,556)

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

ASSETS	LOCAL GOVERNMENT	CONTINGENT REVENUE	DEFERRED COMPENSATION (Note 4)	BOND REFUNDING (Note 3)	COMMUNITY DEVELOPMENT	TOTALS JUNE 30, 1990	TOTALS JUNE 30, 1989
CASH AND CASH EQUIVALENTS	$ 135,568	$ 44,664		$ 61	$ 3,482	$ 183,775	$ 179,977
INVESTMENTS			$ 51,174	41,922		93,096	87,129
RECEIVABLES:							
INTEREST AND DIVIDENDS				1,378		1,378	1,383
OTHER, net of allowance for uncollectibles of $3,800 in 1990 and $3,800 in 1989 (Note 2)	100,646				20,912	121,558	111,350
INTERFUND RECEIVABLES (Note 2)		4,723	178			4,901	4,643
TOTAL ASSETS	$ 236,214	$ 49,387	$ 51,352	$ 43,361	$ 24,394	$ 404,708	$ 384,482
LIABILITIES							
LIABILITIES:							
WARRANTS PAYABLE	$ 296	$ 1,911				$ 2,207	$ 2,567
ACCOUNTS PAYABLE AND ACCRUALS	235,918	16,198				252,116	230,094
AMOUNTS HELD IN CUSTODY FOR OTHERS		31,278	$ 51,352	$ 43,361		125,991	130,108
ADVANCES FROM FEDERAL GOVERNMENT					$ 24,394	24,394	21,713
TOTAL LIABILITIES	$ 236,214	$ 49,387	$ 51,352	$ 43,361	$ 24,394	$ 404,708	$ 384,482

See accompanying Notes to the Financial Statements

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STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	BALANCE JULY 1,1989	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1990
LOCAL GOVERNMENT FUND				
ASSETS				
CASH AND CASH EQUIVALENTS	$ 127,734	$ 1,458,020	$ 1,450,186	$ 135,568
ACCOUNTS RECEIVABLE	92,188	100,646	92,188	100,646
TOTAL ASSETS	$ 219,922	$ 1,558,666	$ 1,542,374	$ 236,214
LIABILITIES				
WARRANTS PAYABLE	$ 318	$ 372,278	$ 372,300	$ 296
ACCOUNTS PAYABLE AND ACCRUALS	219,604	1,362,981	1,346,667	235,918
TOTAL LIABILITIES	$ 219,922	$ 1,735,259	$ 1,718,967	$ 236,214
CONTINGENT REVENUE FUND				
ASSETS				
CASH AND CASH EQUIVALENTS	$ 49,644	$ 376,707	$ 381,687	$ 44,664
INTERFUND RECEIVABLES (Note 2)	4,458	4,723	4,458	4,723
TOTAL ASSETS	$ 54,102	$ 381,430	$ 386,145	$ 49,387
LIABILITIES				
WARRANTS PAYABLE	$ 2,249	$ 258,139	$ 258,477	$ 1,911
ACCOUNTS PAYABLE AND ACCRUALS	10,490	487,998	482,290	16,198
AMOUNTS HELD IN CUSTODY FOR OTHERS	41,363	106,621	116,706	31,278
TOTAL LIABILITIES	$ 54,102	$ 852,758	$ 857,473	$ 49,387
DEFERRED COMPENSATION FUND				
ASSETS				
INVESTMENTS	$ 44,432	$ 8,948	$ 2,206	$ 51,174
INTERFUND RECEIVABLE (Note 2)	185	178	185	178
TOTAL ASSETS	$ 44,617	$ 9,126	$ 2,391	$ 51,352
LIABILITIES				
AMOUNTS HELD IN CUSTODY FOR OTHERS	$ 44,617	$ 9,126	$ 2,391	$ 51,352

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

BOND REFUNDING	BALANCE JULY 1, 1989	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 1990
ASSETS				
CASH AND CASH EQUIVALENTS	$ 48	$ 11,073	$ 11,060	$ 61
INVESTMENTS	42,697	39	814	41,922
ACCOUNTS RECEIVABLE	1,383	1,378	1,383	1,378
TOTAL ASSETS	$ 44,128	$ 12,490	$ 13,257	$ 43,361
LIABILITIES				
AMOUNTS HELD IN CUSTODY FOR OTHERS	$ 44,128	$ 8,877	$ 9,644	$ 43,361
COMMUNITY DEVELOPMENT				
ASSETS				
CASH AND CASH EQUIVALENTS	$ 2,551	$ 931		$ 3,482
ACCOUNTS RECEIVABLE	19,162	4,643	$ 2,893	20,912
TOTAL ASSETS	$ 21,713	$ 5,574	$ 2,893	$ 24,394
LIABILITIES				
ADVANCES FROM FEDERAL GOVERNMENT	$ 21,713	$ 2,681		$ 24,394
TOTALS-ALL AGENCY FUNDS				
ASSETS				
CASH AND CASH EQUIVALENTS	$ 179,977	$ 1,846,731	$ 1,842,933	$ 183,775
INVESTMENTS	87,129	8,987	3,020	93,096
ACCOUNTS RECEIVABLE	112,733	106,667	96,464	122,936
INTERFUND RECEIVABLES (Note 2)	4,643	4,901	4,643	4,901
TOTAL ASSETS	$ 384,482	$ 1,967,286	$ 1,947,060	$ 404,708
LIABILITIES				
WARRANTS PAYABLE	$ 2,567	$ 630,417	$ 630,777	$ 2,207
ACCOUNTS PAYABLE AND ACCRUALS	230,094	1,850,979	1,828,957	252,116
AMOUNTS HELD IN CUSTODY FOR OTHERS	130,108	124,624	128,741	125,991
ADVANCES FROM FEDERAL GOVERNMENT	21,713	2,681		24,394
TOTAL LIABILITIES	$ 384,482	$ 2,608,701	$ 2,588,475	$ 404,708

See accompanying Notes to the Financial Statements

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired for general governmental purposes. These include all fixed assets except those of the Enterprise, Internal Service, Nonexpendable Trust and College and University Funds.

STATE OF TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
JUNE 30, 1990

(Expressed in Thousands)

GENERAL FIXED ASSETS:		
LAND	$	79,041
STRUCTURES AND IMPROVEMENTS		738,936
MACHINERY AND EQUIPMENT		240,614
CONSTRUCTION IN PROGRESS		28,636
TOTAL GENERAL FIXED ASSETS	$	1,087,227
INVESTMENT IN GENERAL FIXED ASSETS FROM:		
CAPITAL PROJECTS FUND:		
STATE APPROPRIATIONS	$	61,101
GENERAL OBLIGATION BONDS		192,591
FEDERAL GRANTS		24,700
LOCAL GOVERNMENT		2,526
OTHER		2,201
GENERAL FUND REVENUES		128,034
SPECIAL REVENUE FUNDS REVENUES		80,972
DONATIONS		5,007
FIXED ASSETS ACQUIRED PRIOR TO JULY 1, 1984		590,095
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	$	1,087,227

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
JUNE 30, 1990

(Expressed in Thousands)

FUNCTION AND ACTIVITY	LAND	STRUCTURES AND IMPROVEMENTS	MACHINERY AND EQUIPMENT	TOTAL
GENERAL GOVERNMENT:				
LEGISLATIVE			$ 816	$ 816
CONSTITUTIONAL OFFICES			2,840	2,840
ADMINISTRATION	$ 9,074	$ 43,538	5,895	58,507
REVENUE	2	263	3,638	3,903
TOTAL GENERAL GOVERNMENT	9,076	43,801	13,189	66,066
EDUCATION	733	72,298	9,361	82,392
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS	1	719	41	761
EMPLOYMENT SECURITY	627	3,101	9,182	12,910
LABOR			977	977
MENTAL HEALTH AND MENTAL RETARDATION	2,398	127,666	9,531	139,595
HEALTH AND ENVIRONMENT	352	26,514	9,692	36,558
HUMAN SERVICES	186	5,186	10,709	16,081
TOTAL HEALTH AND SOCIAL SERVICES	3,564	163,186	40,132	206,882
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL			3,877	3,877
CORRECTION	4,521	225,270	16,352	246,143
YOUTH DEVELOPMENT	175	17,609	1,678	19,462
MILITARY	2,005	57,499	2,019	61,523
BUREAU OF CRIMINAL INVESTIGATION		1,145	9,000	10,145
SAFETY	355	11,876	25,747	37,978
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	7,056	313,399	58,673	379,128
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	116	5,275	1,601	6,992
TOURIST DEVELOPMENT			262	262
CONSERVATION	34,908	105,000	20,705	160,613
WILDLIFE RESOURCES	21,458	8,483	6,473	36,414
ECONOMIC AND COMMUNITY DEVELOPMENT			4,277	4,277
TOTAL RECREATION AND RESOURCES DEVELOPMENT	56,482	118,758	33,318	208,558
REGULATION OF BUSINESS AND PROFESSIONS:				
COMMERCE AND INSURANCE			751	751
FINANCIAL INSTITUTIONS			193	193
TOTAL REGULATION OF BUSINESS AND PROFESSIONS			944	944
TRANSPORTATION	2,130	27,494	84,997	114,621
TOTALS ALLOCATED TO FUNCTIONS	$ 79,041	$ 738,936	$ 240,614	1,058,591
CONSTRUCTION IN PROGRESS				28,636
TOTAL GENERAL FIXED ASSETS (Note 2)				$ 1,087,227

See accompanying Notes to the Financial Statements

STATE OF TENNESSEE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

FUNCTION AND ACTIVITY	GENERAL FIXED ASSETS, JULY 1,1989	ADDITIONS	RETIREMENTS	GENERAL FIXED ASSETS, JUNE 30, 1990
GENERAL GOVERNMENT:				
LEGISLATIVE	$ 760	$ 56	$	$ 816
CONSTITUTIONAL OFFICES	2,618	354	132	2,840
ADMINISTRATION	181,394	21,933	144,820	58,507
REVENUE	3,374	564	35	3,903
TOTAL GENERAL GOVERNMENT	188,146	22,907	144,987	66,066
EDUCATION	81,727	1,424	759	82,392
HEALTH AND SOCIAL SERVICES:				
VETERANS AFFAIRS	14	747		761
EMPLOYMENT SECURITY	12,167	750	7	12,910
LABOR	953	48	24	977
MENTAL HEALTH AND MENTAL RETARDATION	137,572	2,196	173	139,595
HEALTH AND ENVIRONMENT	35,264	1,710	416	36,558
HUMAN SERVICES	14,541	2,044	504	16,081
TOTAL HEALTH AND SOCIAL SERVICES	200,511	7,495	1,124	206,882
LAW, JUSTICE AND PUBLIC SAFETY:				
JUDICIAL	3,411	762	296	3,877
CORRECTION	135,239	130,841	19,937	246,143
YOUTH DEVELOPMENT		19,573	111	19,462
MILITARY	58,418	3,147	42	61,523
BUREAU OF CRIMINAL INVESTIGATION	9,378	832	65	10,145
SAFETY	36,422	4,064	2,508	37,978
TOTAL LAW, JUSTICE AND PUBLIC SAFETY	242,868	159,219	22,959	379,128
RECREATION AND RESOURCES DEVELOPMENT:				
AGRICULTURE	6,768	389	165	6,992
TOURIST DEVELOPMENT	259	11	8	262
CONSERVATION	154,733	6,547	667	160,613
WILDLIFE RESOURCES	31,504	5,155	245	36,414
ECONOMIC AND COMMUNITY DEVELOPMENT	2,640	1,717	80	4,277
TOTAL RECREATION AND RESOURCES DEVELOPMENT	195,904	13,819	1,165	208,558
REGULATION OF BUSINESS AND PROFESSIONS:				
COMMERCE AND INSURANCE	715	44	8	751
FINANCIAL INSTITUTIONS	176	18	1	193
TOTAL REGULATION OF BUSINESS AND PROFESSIONS	891	62	9	944
TRANSPORTATION	92,816	25,644	3,839	114,621
CONSTRUCTION IN PROGRESS	106,173	58,407	135,944	28,636
TOTAL GENERAL FIXED ASSETS(Note 1 and 2)	$ 1,109,036	$ 288,977	$ 310,786	$ 1,087,227

See accompanying Notes to the Financial Statements

GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP

The General Long-term Obligations Account Group is maintained to account for the outstanding principal balances of the State's general obligation bonds, for arbitrage rebate payable in future years, for accrued annual and compensatory leave for employees paid from the Governmental Fund Types, and for capital lease obligations.

STATE OF TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS
FOR THE YEAR ENDED JUNE 30, 1990

(Expressed in Thousands)

	BALANCE JULY 1, 1989	GENERAL OBLIGATION BONDS ISSUED	GENERAL OBLIGATION BONDS RETIRED	DEBT SERVICE FUND OPERATIONS	OTHER INCREASES (DECREASES)	BALANCE JUNE 30, 1990
AMOUNT AVAILABLE IN DEBT SERVICE FUND	$ 4,399			$ (2,206)		$ 2,193
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM OBLIGATIONS	647,536	$ 46,000	$ 63,667	2,206	$ 12,500	644,575
TOTAL AVAILABLE AND TO BE PROVIDED	$ 651,935	$ 46,000	$ 63,667	$ -	$ 12,500	$ 646,768
GENERAL OBLIGATION DEBT PAYABLE (Note 3)	$ 554,236	$ 46,000	$ 63,667			$ 536,569
ARBITRAGE REBATE PAYABLE					$ 4,891	4,891
ACCRUED ANNUAL AND COMPENSATORY LEAVE	97,671				7,628	105,299
CAPITAL LEASE OBLIGATIONS	28				(19)	9
TOTAL GENERAL LONG-TERM OBLIGATIONS	$ 651,935	$ 46,000	$ 63,667	$ -	$ 12,500	$ 646,768

See accompanying Notes to the Financial Statements

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COLLEGE AND UNIVERSITY FUNDS

The College and University Funds are used to account for all transactions relating to public institutions of higher education and the state's area vocational-technical schools. These include seven universities, eleven community colleges, three technical institutes and twenty-seven area vocational-technical schools. These institutions maintain their own financial records which are not a part of the central accounting system operated by the Department of Finance and Administration.

Two governing boards are responsible for the operations of these institutions - the University of Tennessee Board of Trustees and the Tennessee Board of Regents. Coordination between these boards for such things as budgetary and capital outlay requests, the need for and location of new education institutions, and the approval of new academic and degree programs is provided by the Tennessee Higher Education Commission.

The University of Tennessee Board of Trustees - The University of Tennessee was first established in 1794 by the Legislature of the Federal Territory. Since that time it has grown into an institution of twenty-four different colleges and schools. The locations of its four primary campuses, various experimental stations and extension services have made the university state-wide in physical presence as well as in services. The main campus is located in Knoxville. The other primary campuses are located in Memphis, Martin and Chattanooga.

Tennessee Board of Regents - The Tennessee University and Community College System was created by the General Assembly in 1972. Its member institutions (six universities, eleven community colleges, three technical institutes, and twenty-seven area vocational-technical schools) serve the state and its citizenry by providing education opportunities, research, continuing education and public activities. As a system, the institutions span the state and operate as a coordinated network of public education with each campus offering unique characteristics and services. The system consists of the following institutions:

UNIVERSITIES

Austin Peay State University	Clarksville
East Tennessee State University	Johnson City
Memphis State University	Memphis
Middle Tennessee State University	Murfreesboro
Tennessee State University	Nashville
Tennessee Technological University	Cookeville

COMMUNITY COLLEGES

Chattanooga State Technical Community College	Chattanooga
Cleveland State Community College	Cleveland
Columbia State Community College	Columbia
Dyersburg State Community College	Dyersburg
Jackson State Community College	Jackson
Motlow State Community College	Tullahoma
Pellissippi State Technical Community College	Knoxville
Roane State Community College	Harriman
Shelby State Community College	Memphis
Volunteer State Community College	Gallatin
Walters State Community College	Morristown

The community college movement is relatively new in Tennessee. Emerging from legislative study in the early 1960's, nine of the eleven existing colleges were established by the General Assembly between 1965 and 1969. The locations of these institutions were determined by population need patterns. An act of the 1973 General Assembly changed the Chattanooga State Technical Institute to Chattanooga State Technical Community College, representing the 10th community college in the state. The technical institute located in Knoxville was changed to a community college effective July 1, 1988. A broad range of two-year associate degree programs and one-to-two year certificate of proficiency programs is offered by each college.

STATE TECHNICAL INSTITUTES

Effective July 1, 1983, the governance of the state technical institutes was transferred from the State Department of Education to the Tennessee Board of Regents. The names and locations of the state technical institutes are:

Nashville State Technical Institute	Nashville
State Technical Institute at Memphis	Memphis
Tri-Cities State Technical Institute	Blountville

Various two-year associate degree programs are available at the technical institutes. In addition, special industrial and community service courses are offered as the demand arises from interested groups.

STATE AREA VOCATIONAL-TECHNIAL SCHOOLS

The state area vocational-technical schools were transferred from the State Department of Education to the Tennessee Board of Regents effective July 1, 1983. The twenty-seven area schools are located in the following Tennessee cities:

Athens	McMinnville
Chattanooga	Memphis
Covington	Morristown
Crossville	Murfreesboro
Dickson	Nashville
Elizabethton	Newbern
Harriman	Oneida
Hartsville	Paris
Hohenwald	Pulaski
Jacksboro	Ripley
Jackson	Savannah
Knoxville	Shelbyville
Livingston	Whiteville
McKenzie	

The purpose of the area vocational-technical schools is to provide occupational and technical training for current and future employes of existing and prospective industries and businesses of this state.

STATE OF TENNESSEE
COMBINING BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
JUNE 30, 1990
(With comparative totals for June 30, 1989)

(Expressed in Thousands)

	CURRENT FUNDS			ENDOWMENT	LIFE
ASSETS	UNRESTRICTED	RESTRICTED	LOAN	AND SIMILAR	INCOME
CASH AND CASH EQUIVALENTS	$ 18,893	$ 17,349	$ 3,468	$ 18,122	$ 825
CASH ON DEPOSIT WITH FISCAL AGENT					
INVESTMENTS	62,281	1,394	299	88,519	14,869
ACCOUNTS RECEIVABLE, net of allowance for uncollectibles of $47,264 in 1990 and $34,666 in 1989	66,133	39,242	1,366	140	
NOTES RECEIVABLE, net of allowance for uncollectibles of $7,806 in 1990 and $8,142 in 1989		22	42,629		
INTERFUND RECEIVABLES (Note 2)	92,812	717	25	14,463	
INVENTORIES, at cost	18,755				
PREPAID EXPENSES	2,731	18			
LAND, at cost					
STRUCTURES AND IMPROVEMENTS, at cost					
MACHINERY AND EQUIPMENT, at cost					
CONSTRUCTION IN PROGRESS					
OTHER ASSETS	12		38		
TOTAL ASSETS	$ 261,617	$ 58,742	$ 47,825	$ 121,244	$ 15,694
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
ACCOUNTS PAYABLE	$ 45,304	$ 3,266	$ 1	$ 250	
ACCRUED LIABILITIES	94,586	848			
INTERFUND PAYABLES (Note 2)	4,792	4,515		6	$ 48
NOTES PAYABLE (Note 3)					
BONDS PAYABLE (Note 3)					
LEASE OBLIGATIONS PAYABLE (Note 3)					
DEFERRED REVENUE	32,622	20			
AMOUNTS HELD IN CUSTODY FOR OTHERS					
DEPOSITS PAYABLE	3,462	9			
OTHER	4,351				
TOTAL LIABILITIES	185,117	8,658	1	256	48
FUND EQUITY:					
NET INVESTMENT IN PLANT					
FUND BALANCE (Notes 1 and 2):					
RESERVED FOR:					
RELATED ASSETS	67,430				
ENCUMBRANCES	14,526				
U.S. GOVERNMENT GRANTS REFUNDABLE			38,794		
INSTITUTIONAL LOAN FUNDS			8,981		
ENDOWMENT				96,629	
TERM ENDOWMENT				26	
QUASI-ENDOWMENT				18,029	
LIFE INCOME					15,646
PLANT					
OTHER	5,834	50,084			
UNRESERVED:					
DESIGNATED:					
INSTITUTIONAL LOAN FUNDS			49		
QUASI-ENDOWMENT				6,304	
OTHER	6,583				
UNDESIGNATED	(17,873)				
TOTAL FUND EQUITY	76,500	50,084	47,824	120,988	15,646
TOTAL LIABILITIES AND FUND BALANCE	$ 261,617	$ 58,742	$ 47,825	$ 121,244	$ 15,694

See accompanying Notes to the Financial Statements

PLANT FUNDS					TOTALS	
UNEXPENDED	RENEWAL AND REPLACEMENT	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY	JUNE 30, 1990	JUNE 30, 1989
$ 20,766	$ 11,466	$ 29,783		$ 4,832	$ 125,504	$ 123,084
		31,917			31,917	28,010
4,668	11,204	2,103		9,788	195,125	175,441
1,582	102	36		382	108,983	94,791
					42,551	40,012
14,148	22,629	2,097		2,054	148,945	129,534
					18,755	18,310
					2,749	2,412
			$ 61,942		61,942	60,988
			1,425,872		1,425,872	1,355,840
			665,688		665,688	609,934
			34,627		34,627	43,626
3			779	1,148	1,930	1,944
$ 41,167	$ 45,401	$ 65,936	$ 2,188,908	$ 18,204	$ 2,864,738	$ 2,683,926
$ 3,732	$ 212		—	$ 204	$ 52,969	$ 49,106
10			$ 3,025		98,469	92,843
41					9,402	6,058
486			36,446		36,932	64,276
			271,126		271,126	243,928
			2,456		2,456	3,212
					32,642	29,303
				18,000	18,000	16,237
					3,471	2,807
					4,351	5,551
4,269	212		313,053	18,204	529,818	513,321
			1,875,855		1,875,855	1,756,564
					67,430	53,747
					14,526	16,321
					38,794	37,412
					8,961	8,592
					96,629	81,980
					26	19
					18,029	16,105
					15,846	16,414
9,054	66	$ 32,941			43,061	37,961
					55,918	51,909
					49	43
					6,304	4,649
27,655	45,123	8,482			87,843	81,695
189		24,513			6,829	7,194
36,898	45,189	65,936	1,875,855		2,334,920	2,170,605
$ 41,167	$ 45,401	$ 65,936	$ 2,188,908	$ 18,204	$ 2,864,738	$ 2,683,926

SUPPLEMENTARY SCHEDULES

SCHEDULE 1

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
GENERAL OBLIGATION BONDS
JUNE 30, 1990

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL LONG-TERM DEBT			STATE LOAN PROGRAM FUND DEBT		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1991	$ 61,017	$ 32,689	$ 93,706	$ 3,195	$ 3,461	$ 6,656
1992	56,217	29,287	85,504	3,355	3,285	6,640
1993	49,676	26,204	75,880	3,550	3,100	6,650
1994	49,676	23,276	72,952	3,715	2,903	6,618
1995	46,676	20,436	67,112	3,900	2,695	6,595
1996	41,176	17,695	58,871	3,775	2,474	6,249
1997	29,376	15,289	44,665	3,015	2,256	5,271
1998	24,636	13,397	38,033	3,070	2,079	5,149
1999	24,636	11,726	36,362	3,270	1,896	5,166
2000	24,636	10,046	34,682	3,465	1,700	5,165
2001	22,721	8,363	31,084	3,335	1,490	4,825
2002	22,721	6,823	29,544	3,530	1,293	4,823
2003	17,721	5,281	23,002	3,120	1,082	4,202
2004	17,721	4,156	21,877	3,310	891	4,201
2005	17,721	3,031	20,752	3,195	688	3,883
2006	17,721	1,907	19,628	1,930	488	2,418
2007	7,921	781	8,702	1,090	361	1,451
2008	2,300	311	2,611	1,160	279	1,439
2009	2,300	155	2,455	1,235	192	1,427
2010				1,325	99	1,424
TOTALS	$ 536,569	$ 230,853	$ 767,422	$ 57,540	$ 32,712	$ 90,252

STATE OF TENNESSEE
DEBT SERVICE REQUIREMENTS TO MATURITY
REVENUE BONDS
JUNE 30, 1990

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	HOUSING DEVELOPMENT AGENCY DEBT (NOTE)			LOCAL DEVELOPMENT AUTHORITY DEBT		
	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
1991	$ 30,148	$ 107,803	$ 137,951	$ 1,835	$ 3,925	$ 5,760
1992	34,891	111,034	145,925	1,982	3,778	5,760
1993	39,123	110,670	149,793	2,147	3,614	5,761
1994	39,298	107,612	146,910	2,330	3,431	5,761
1995	40,599	104,411	145,010	2,532	3,228	5,760
1996	42,776	100,952	143,728	2,755	3,005	5,760
1997	45,311	99,528	144,839	2,768	2,758	5,526
1998	49,490	98,267	147,757	3,022	2,504	5,526
1999	46,171	94,666	140,837	2,815	2,296	5,111
2000	46,962	87,393	134,355	3,013	2,099	5,112
2001	40,619	80,555	121,174	2,084	1,885	3,969
2002	46,878	77,094	123,972	2,237	1,733	3,970
2003	49,420	73,158	122,578	2,397	1,570	3,967
2004	53,636	68,890	122,526	2,228	1,396	3,624
2005	51,733	81,932	133,665	2,312	1,231	3,543
2006	54,866	91,839	146,705	1,485	1,060	2,545
2007	56,807	97,174	153,981	1,596	948	2,544
2008	48,412	110,399	158,811	1,715	829	2,544
2009	47,823	107,039	154,862	1,843	701	2,544
2010	48,775	105,854	154,629	1,980	564	2,544
2011	49,258	101,466	150,724	2,065	417	2,482
2012	48,961	96,571	145,532	1,595	264	1,859
2013	45,108	98,123	143,231	942	182	1,124
2014	48,382	93,630	142,012	799	132	931
2015	50,491	89,694	140,185	805	79	884
2016	54,073	55,791	109,864			
2017	58,597	31,317	89,914			
2018	50,247	53,207	103,454			
2019	50,568	6,923	57,491			
2020	50,409	3,333	53,742			
2021	32,033	1,270	33,303			
2022	13,220	253	13,473			
TOTALS	$ 1,465,085	$ 2,547,848	$ 4,012,933	$ 51,282	$ 43,629	$ 94,911

NOTE: Tennessee Housing Development Agency debt principal above is less than that presented in the accompanying financial statements by $28,603. This amount, representing the accretion to date of interest on deep discount bonds, has been reported as bond principal in the financial statements; it is reported above as interest in those years (2005-2018) in which the bonds mature.

Tennessee State School Bond Authority debt principal above is more than that presented in the accompanying financial statements by $89. This amount represents the write-off of discounts in those years (1989-1992) preceding the first principal payment in 1993.

SCHEDULE 2

COLLEGE AND UNIVERSITY DEBT			TENNESSEE STATE SCHOOL BOND AUTHORITY DEBT(NOTE)			VETERANS' NURSING HOME DEBT		
PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
$ 13,738	$ 16,788	$ 30,526		$ 4,400	$ 4,400		$ 114	$ 114
14,649	16,190	30,839		4,400	4,400	$ 50	182	232
15,428	15,549	30,977	$ 2,047	4,489	6,536	50	178	228
12,582	14,871	27,453	2,160	4,379	6,539	55	175	230
12,329	15,084	27,413	2,279	4,260	6,539	60	171	231
12,720	14,655	27,375	2,410	4,130	6,540	60	167	227
12,857	14,184	27,041	2,549	3,988	6,537	65	163	228
13,117	13,669	26,786	2,702	3,835	6,537	70	158	228
13,653	13,096	26,749	2,868	3,668	6,536	75	153	228
14,084	12,428	26,512	3,053	3,486	6,539	80	148	228
12,194	11,473	23,667	3,189	3,288	6,477	85	142	227
14,443	10,835	25,278	3,400	3,078	6,478	90	136	226
11,731	10,057	21,788	3,159	2,852	6,011	95	129	224
12,363	9,399	21,762	3,374	2,637	6,011	105	121	226
12,962	8,671	21,633	3,608	2,404	6,012	110	113	223
11,134	7,899	19,033	3,853	2,154	6,007	120	105	225
8,334	7,184	15,518	4,119	1,888	6,007	130	96	226
7,916	6,612	14,528	4,407	1,604	6,011	140	86	226
8,454	6,014	14,468	4,705	1,300	6,005	150	75	225
9,065	5,358	14,423	5,032	977	6,009	160	63	223
8,728	2,525	11,253	4,831	631	5,462	170	51	221
8,255	1,734	9,989	5,189	273	5,462	185	38	223
2,525	940	3,465				195	23	218
2,705	697	3,402				215	8	223
2,895	437	3,332						
395	159	554						
420	131	551						
450	101	551						
485	70	555						
515	36	551						
$ 271,126	$ 236,846	$ 507,972	$ 68,934	$ 64,121	$ 133,055	$ 2,515	$ 2,795	$ 5,310

STATE OF TENNESSEE
SUMMARY OF DEBT SERVICE REQUIREMENTS TO MATURITY
JUNE 30, 1990

(Expressed in Thousands)

FOR THE YEAR ENDED JUNE 30	GENERAL OBLIGATION BONDS		REVENUE BONDS	
	GENERAL LONG-TERM DEBT	STATE LOAN PROGRAM DEBT	HOUSING DEVELOPMENT AGENCY DEBT	LOCAL DEVELOPMENT AUTHORITY DEBT
1991	$ 93,706	$ 6,656	$ 137,951	$ 5,760
1992	85,504	6,640	145,925	5,760
1993	75,880	6,650	149,793	5,761
1994	72,952	6,618	146,910	5,761
1995	67,112	6,595	145,010	5,760
1996	58,871	6,249	143,728	5,760
1997	44,665	5,271	144,839	5,526
1998	38,033	5,149	147,757	5,526
1999	36,362	5,166	140,837	5,111
2000	34,682	5,165	134,355	5,112
2001	31,084	4,825	121,174	3,969
2002	29,544	4,823	123,972	3,970
2003	23,002	4,202	122,578	3,967
2004	21,877	4,201	122,526	3,624
2005	20,752	3,883	133,665	3,543
2006	19,628	2,418	146,705	2,545
2007	8,702	1,451	153,981	2,544
2008	2,611	1,439	158,811	2,544
2009	2,455	1,427	154,862	2,544
2010		1,424	154,629	2,544
2011			150,724	2,482
2012			145,532	1,859
2013			143,231	1,124
2014			142,012	931
2015			140,185	884
2016			109,864	
2017			89,914	
2018			103,454	
2019			57,491	
2020			53,742	
2021			33,303	
2022			13,473	
TOTALS	$ 767,422	$ 90,252	$ 4,012,933	$ 94,911

SCHEDULE 3

REVENUE BONDS			
COLLEGE AND UNIVERSITY DEBT	TENNESSEE STATE SCHOOL BOND AUTHORITY DEBT	VETERANS' NURSING HOME DEBT	TOTAL REQUIREMENTS
$ 30,526	$ 4,400	$ 114	$ 279,113
30,839	4,400	232	279,300
30,977	6,536	228	275,825
27,453	6,539	230	266,463
27,413	6,539	231	258,660
27,375	6,540	227	248,750
27,041	6,537	228	234,107
26,786	6,537	228	230,016
26,749	6,536	228	220,989
26,512	6,539	228	212,593
23,667	6,477	227	191,423
25,278	6,478	226	194,291
21,788	6,011	224	181,772
21,762	6,011	226	180,227
21,633	6,012	223	189,711
19,033	6,007	225	196,561
15,518	6,007	226	188,429
14,528	6,011	226	186,170
14,468	6,005	225	181,986
14,423	6,009	223	179,252
11,253	5,462	221	170,142
9,980	5,462	223	163,065
3,465		218	148,038
3,402		223	146,568
3,332			144,401
554			110,418
551			90,465
551			104,005
555			58,046
551			54,293
			33,303
			13,473
$ 507,972	$ 133,055	$ 5,310	$ 5,611,855

SCHEDULE 4

STATE OF TENNESSEE
SCHEDULE OF OUTSTANDING DEBT
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE LAST FIVE FISCAL YEARS

(Expressed in Thousands)

	JUNE 30				
	1986	1987	1988	1989	1990
CAPITAL PROJECTS FUND:					
BOND ANTICIPATION NOTES	$ 115,800	$ 14,800	$ 7,400		
ENTERPRISE FUNDS:					
LOCAL DEVELOPMENT AUTHORITY NOTES	62,500	61,500	61,432	$ 64,131	$ 55,164
LOCAL DEVELOPMENT AUTHORITY BONDS	57,455	56,053	54,569	52,984	51,282
LOCAL DEVELOPMENT AUTHORITY CALL PREMIUMS		733	733	733	733
STATE LOAN PROGRAM BONDS	69,025	66,370	63,565	60,590	57,540
TENNESSEE HOUSING DEVELOPMENT AGENCY BONDS	970,386	1,025,310	1,105,074	1,391,707	1,493,688
VETERANS' NURSING HOME BONDS					2,515
	1,159,366	1,209,966	1,285,373	1,570,145	1,660,922
INTERNAL SERVICE FUNDS:					
OFFICE OF INFORMATION RESOURCES NOTES		257			
TENNESSEE STATE SCHOOL BOND AUTHORITY BONDS		68,577	68,667	68,756	68,845
TENNESSEE STATE SCHOOL BOND AUTHORITY CALL PREMIUMS		1,979	1,979	1,979	1,979
		70,813	70,646	70,735	70,824
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP-BONDS	626,570	679,720	615,603	554,236	536,569
COLLEGE AND UNIVERSITY FUNDS:					
ENDOWMENT FUND NOTES	16				
PLANT FUND NOTES	44,175	35,069	61,768	64,276	36,932
PLANT FUND BONDS	272,844	262,789	253,691	243,928	271,126
	317,035	297,858	315,459	308,204	308,058
TOTALS	$ 2,218,771	$ 2,273,157	$ 2,294,481	$ 2,503,320	$ 2,576,373

SCHEDULE 5

STATE OF TENNESSEE
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
REVENUES BY SOURCE AND EXPENSES BY TYPE

(Expressed in Thousands)

FISCAL YEAR	REVENUE BY SOURCE				
	MEMBER CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	INVESTMENT INCOME	CONTRIBUTIONS FOR TIAA/CREF	TOTAL
1981	$ 89,452	$ 222,702	$ 162,071	$ 11,555	$ 485,780
1982	54,073	277,141	220,079	12,128	563,421
1983	57,318	271,439	272,633	13,203	614,593
1984	59,777	278,032	342,868	14,450	695,127
1985	66,726	313,438	354,196	17,598	751,958
1986	71,692	342,879	564,297	20,118	998,986
1987	78,730	348,514	726,663	22,995	1,176,902
1988	83,022	373,776	573,406	19,324	1,049,530
1989	89,907	336,293	549,550		975,750
1990	95,957	356,748	788,715		1,241,420

FISCAL YEAR	EXPENSES BY TYPE			
	BENEFITS	REFUNDS	CONTRIBUTIONS FOR TIAA/CREF	TOTAL
1981	$ 125,477	$ 21,877	$ 11,560	$ 158,914
1982	139,377	24,194	12,127	175,698
1983	154,443	20,708	13,203	188,354
1984	168,411	23,259	14,451	206,121
1985	185,666	22,774	17,597	226,037
1986	204,645	21,302	20,118	246,065
1987	229,301	21,751	22,994	274,046
1988	243,994	17,802	19,324	281,120
1989	258,320	20,665		278,985
1990	278,175	20,561		298,736

Contributions were made in accordance with actuarially determined contribution requirements.

Member contributions decreased and employer contributions increased in fiscal year 1982 due to noncontributory legislation effective July 1, 1981.

The State's contributions to TIAA/CREF flowed through the TCRS until April 1988. Subsequently, these contributions are remitted directly to TIAA/CREF by the higher education institutions.

STATISTICAL AND ECONOMIC DATA

The Statistical Data are presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic Data are presented to allow a broader understanding of the economic and social environment in which State government operates.

TABLE I

STATE OF TENNESSEE
REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

SOURCES	FOR THE YEAR ENDED JUNE 30									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
TAXES	$ 1,800,431	$ 1,959,263	$ 2,047,603	$ 2,295,044	$ 2,776,915	$ 2,990,732	$ 3,269,689	$ 3,513,827	$ 3,715,112	$ 3,858,929
LICENSES, FINES, FEES AND PERMITS	40,359	45,283	47,601	60,320	64,370	61,935	71,633	78,715	87,150	138,588
INTEREST ON INVESTMENTS	60,975	71,243	62,981	56,567	77,935	79,664	72,706	74,367	74,535	74,068
FEDERAL	1,174,990	1,039,894	1,062,387	1,308,304	1,372,825	1,584,056	1,623,824	1,746,823	1,888,096	2,154,896
DEPARTMENTAL SERVICES	179,939	194,046	201,550	215,753	245,246	271,027	294,701	332,371	351,895	404,209
OTHER	7,817	13,234	10,148	9,368	10,273	12,858	16,825	34,011	40,885	52,104
TOTAL REVENUES - ALL GOVERNMENTAL FUND TYPES	$ 3,264,511	$ 3,322,963	$ 3,432,270	$ 3,945,356	$ 4,547,564	$ 5,000,272	$ 5,349,378	$ 5,780,114	$ 6,157,673	$ 6,682,794

TABLE II

STATE OF TENNESSEE
EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

FUNCTION	FOR THE YEAR ENDED JUNE 30									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
GENERAL GOVERNMENT	$ 179,184	$ 153,618	$ 134,967	$ 134,998	$ 161,615	$ 177,487	$ 190,744	$ 203,405	$ 216,909	$ 240,033
EDUCATION	964,925	981,371	970,362	981,080	1,167,879	1,271,638	1,368,750	1,447,291	1,534,148	1,626,903
HEALTH AND SOCIAL SERVICES	1,028,512	1,035,710	1,105,524	1,295,742	1,380,586	1,647,763	1,824,290	2,040,323	2,259,983	2,586,534
LAW, JUSTICE AND PUBLIC SAFETY	162,715	176,964	193,465	212,925	256,243	300,349	356,893	391,384	423,754	490,507
RECREATION AND RESOURCES DEVELOPMENT	68,366	71,031	77,842	112,285	136,274	144,204	149,999	151,234	159,602	183,975
REGULATION OF BUSINESS AND PROFESSIONS	14,245	15,330	16,643	13,566	15,920	20,127	22,362	23,097	24,181	25,667
TRANSPORTATION	447,850	429,587	427,695	544,367	606,783	654,294	648,298	689,265	728,884	824,578
DEBT SERVICE	80,774	85,487	91,596	87,640	83,440	78,929	100,191	104,182	98,097	99,585
CAPITAL OUTLAY	52,954	41,280	25,405	31,537	41,211	59,168	72,741	77,103	134,997	119,704
TOTAL EXPENDITURES - ALL GOVERNMENTAL FUND TYPES	$ 2,999,525	$ 2,990,378	$ 3,043,499	$ 3,414,140	$ 3,849,951	$ 4,353,959	$ 4,734,268	$ 5,127,284	$ 5,580,555	$ 6,197,486

TABLE III

STATE OF TENNESSEE
TAX REVENUES BY SOURCE
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands)

TAX REVENUES	FOR THE YEAR ENDED JUNE 30									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
SALES AND USE	$ 981,106	$ 1,050,605	$ 1,106,186	$ 1,277,101	$ 1,657,724	$ 1,771,907	$ 1,893,948	$ 2,035,207	$ 2,126,025	$ 2,234,249
GASOLINE	90,511	115,758	115,398	115,270	112,792	143,714	222,774	223,049	251,703	310,996
MOTOR FUEL	20,516	30,923	31,869	35,499	36,794	38,940	50,175	59,677	61,736	68,471
PETROLEUM PRODUCTS	18,693	17,838	18,244	19,688	19,831	21,352	21,583	23,199	23,266	24,224
MOTOR VEHICLE REGISTRATION	89,785	105,635	104,607	111,892	117,897	123,957	125,897	139,834	144,422	145,517
INCOME	24,613	30,345	35,521	37,288	42,240	46,057	44,992	51,769	61,919	67,544
PRIVILEGE	28,291	26,445	29,072	37,855	41,433	49,418	59,907	48,378	[illegible]14	55,215
GROSS RECEIPTS	89,032	99,242	105,787	110,740	112,457	111,269	114,964	117,558	137,014	112,301
ALCOHOLIC BEVERAGE	23,249	23,972	24,106	43,490	43,976	43,765	44,261	44,614	44,319	44,247
FRANCHISE	45,705	49,511	56,741	69,483	114,722	143,624	151,213	163,782	174,735	194,578
EXCISE	193,365	206,535	202,558	229,892	257,383	261,690	285,304	336,143	358,660	317,499
INHERITANCE AND ESTATE	26,674	28,639	36,208	36,426	32,939	28,812	31,757	33,484	36,336	33,518
TOBACCO	77,058	78,442	78,338	76,874	80,135	80,444	81,777	82,298	80,930	79,573
INSURANCE COMPANIES PREMIUM	62,143	63,927	67,345	71,592	88,738	103,402	120,035	116,649	119,363	125,454
OTHER	29,690	31,446	35,623	21,954	20,854	22,381	21,102	38,186	43,670	45,543
TOTAL TAX REVENUES - ALL GOVERNMENTAL FUND TYPES	$ 1,800,431	$ 1,959,263	$ 2,047,603	$ 2,295,044	$ 2,776,915	$ 2,990,732	$ 3,269,689	$ 3,513,827	$ 3,715,112	$ 3,858,929

STATE OF TENNESSEE
DESCRIPTION OF TAX SOURCES
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 1990

Presented below is a brief description of the state's principal tax sources as shown in the preceding table. Since portions of some of these taxes are ultimately distributed to local governments, the preceding table reflects only those tax collections retained for state purposes.

SALES AND USE TAX - The retail sales and use tax, imposed in 1947, is the state's leading source of revenue. The current rate of 5.5% was made permanent July 1, 1985. The tax is applied to the sale, use, consumption, distribution, lease or rental of tangible personal property and, effective June 1, 1985, was extended to include most admission and amusement charges. Certain services including charges for transient accommodations, storage and parking, and telephone service for regular subscribers are also subject to sales tax. Utilities and anti-pollution equipment are taxed at rates ranging from 1% to 1.5%. Political subdivisions, governmental agencies, charitable and religious groups, non-profit organizations and certain items of tangible personal property including drugs are exempt.

GASOLINE TAX - The gasoline tax was first enacted in 1923. The tax increased from 16 cents to 19 cents a gallon on April 1, 1989 and from 19 cents a gallon to 20 cents a gallon on July 1, 1989. This tax is charged on each gallon of gasoline or distillate refined, manufactured, sold, stored or distributed in Tennessee, as well as gasoline or distillate imported into the state. Refunds are granted on gasoline used for agricultural purposes, while political subdivisions and governmental agencies are exempt.

MOTOR FUEL TAX - The motor fuel tax was enacted in 1941. The tax was imposed at the rate of 14 cents per gallon on the sale of diesel fuel until June 1, 1987, it increased to 16 cents per gallon on April 1, 1989 and went to 17 cents per gallon on April 1, 1990. Effective July 1, 1984, a tax was levied on motor vehicles powered by liquified gas at rates ranging from $70 for passenger cars to $114 for the largest trucks. Owners of commercial vehicles may be charged additional tax based on number of miles driven in Tennessee. Effective April 1, 1989, out of state residents are taxed at a rate of 14 cents per gallon for liquified gas.

SPECIAL PETROLEUM PRODUCTS TAX - The special Petroleum Products Tax (formerly Gasoline Inspection Fee) was first enacted in 1899 for the purpose of assuring that gasoline and oil sold in the state met certain minimum standards. The rate was 1 cent per gallon in 1989 and went to 1.4 cents on May 1, 1990 per gallon on volatile substances having certain gravity levels which are produced from petroleum, natural gas, oil shales, or coal.

MOTOR VEHICLE REGISTRATION FEES - Since 1905 a fee has been charged for the registration of motor vehicles. Vehicles for personal use are charged $20.50. The fee for motorcycles is $9.75. Motor freight vehicles are charged fees ranging from $39.25 to $1,301.75.

INCOME TAX - Although Tennessee does not levy a general personal income tax, income derived from dividends and interest on stocks and bonds has been subject to tax since 1929. The tax rate is 6% on dividends from stocks and interest on bonds subject to an exemption of $1,250 for individuals and $2,500 for joint tax returns. Blind persons, pension trusts, profit-sharing trusts and qualifying low income persons 65 years of age or older are exempt from the tax.

PRIVILEGE TAX - The first state privilege tax in Tennessee was levied in 1799. During the ensuing 150 years, 132 business activities were made subject to the tax. Virtually all of these business-related privilege taxes were abolished in 1971 and re-enacted as part of other taxes. Currently, the privilege tax base is provided from litigation taxes, realty transfer, mortgage taxes, and marriage license fees.

GROSS RECEIPTS TAXES - There have been numerous additions, deletions and alterations in the group of taxable privileges comprising the gross receipts tax since it was first imposed in 1937. Currently, the tax covers bottlers, mixing bars, utilities, firearms, and vending machines. TVA payments "in lieu of taxes" based on power sales in Tennessee make up over 75% of collections.

ALCOHOLIC BEVERAGE TAX - The alcoholic beverage tax was enacted in 1939, authorizing the sale of alcoholic beverages in counties and municipalities in Tennessee if approved by local referendum. It provided for a system of state licensing fees and established a gallonage tax on wines and liquors sold in the state. Currently, the tax is levied at the rate of $4.00 per gallon on distilled spirits and $1.10 per gallon on wines, with additional fees for regulatory purposes and for the issuance of licenses and permits.

FRANCHISE TAX - The franchise tax, first collected in 1937, imposes an annual tax for the privilege of engaging in corporate form in the state. The tax is levied at the rate of $2.50 per $1,000 of corporate stock, surplus and undivided profits of domestic and foreign corporations operating in Tennessee.

EXCISE TAX - The excise tax originated in 1923 and has always been a major revenue source. The tax is presently applied at the rate of 6% annual net earnings from business done in Tennessee by all corporations, co-operatives conducted for profit, joint stock associations, business trusts, state banks, national banks and savings and loan associations. Formulas are used for determining the appropriate tax for corporations doing business in Tennessee as well as other states.

INHERITANCE, ESTATE AND GIFT TAXES - The inheritance tax was first enacted in 1891. Originally, the tax was applicable only to property going to collateral heirs, but was extended to direct heirs in 1909. The rate and base are divided into two different classes and apply to all property, real and personal, with certain exemptions applicable to each class. During the 1978 and 1983 sessions of the General Assembly, extensive changes were made in the inheritance, estate and gift tax statutes (Chapter 731, Public Acts, 1978 and Chapter 237, Public Acts, 1983). These changes have resulted in delays and decreases in collections.

TOBACCO TAXES - Tobacco taxes were first levied in 1925. The present tax equates to 13 cents per pack of 20 cigarettes and 6% of the wholesale cost for all other tobacco products.

COIN-OPERATED AMUSEMENT TAX - This tax, first enacted in 1983, is now applied to any coin or token-operated machine which contains a free play feature. The annual tax is $350 per device, which may be prorated for machines placed in operation after October in any year.

INSURANCE COMPANY PREMIUM TAX - This tax, first enacted in 1945, is applied to gross premiums paid by or for policyholders residing in this state or on property located in the state. The rate is 1.75% for domestic life insurance companies, 2% for foreign life insurance companies and 2.5% for property and casualty insurance companies.

TABLE IV

STATE OF TENNESSEE
RATIO OF NET GENERAL LONG-DEBT TO
ASSESSED VALUE AND NET DEBT PER CAPITA
FOR THE LAST TEN YEARS

(Expressed in Thousands except Ratio and Per Captia Data)

FOR THE YEAR ENDED JUNE 30	POPULATION	ASSESSED VALUE	GENERAL LONG-TERM DEBT TOTAL (NOTE)	LESS DEBT SERVICE FUND	NET	NET GENERAL LONG-TERM DEBT RATIO TO ASSESSED VALUE	PER CAPITA
1981	4,639	$ 17,350,600	$ 590,195	$ 2,897	$ 587,298	3.38%	$ 126.60
1982	4,666	18,642,000	539,070	2,436	536,634	2.88%	115.01
1983	4,690	21,875,000	583,445	2,143	581,302	2.66%	123.94
1984	4,728	25,239,000	530,820	6,574	524,246	2.08%	110.88
1985	4,766	26,453,000	480,695	3,753	476,942	1.80%	100.07
1986	4,800	28,910,000	626,570	1,635	624,935	2.16%	130.19
1987	4,855	31,501,000	679,720	1,458	678,262	2.15%	139.70
1988	4,911	34,499,000	615,603	2,390	613,213	1.78%	124.87
1989	4,935	33,933,000	554,236	4,399	549,837	1.62%	111.42
1990	4,976	39,815,000	536,569	2,193	534,376	1.34%	107.39

NOTE: Total General Long-term debt does not include State Loan Program General Obligation Notes and Bonds as follows:

YEAR	NOTES	BONDS
1981	$ 49,490	$ 79,995
1982		78,270
1983		76,205
1984		73,930
1985		71,540
1986		69,025
1987		66,370
1988		63,565
1989		60,590
1990		57,540

These obligations are reported as debt of that enterprise in the accompanying financial statements.

TABLE V

STATE OF TENNESSEE
COMPUTATION OF LEGAL DEBT SERVICE MARGIN
JUNE 30, 1990

(Expressed in Thousands)

LEGAL DEBT SERVICE LIMIT (1990 PLEDGED REVENUES OF $450,583/150%)	$ 300,388
LESS - 1990 DEBT SERVICE REQUIRED ON ALL GENERAL LONG-TERM DEBT, INCLUDING STATE LOAN PROGRAM FUND GENERAL OBLIGATION BONDS	101,087
LEGAL DEBT SERVICE MARGIN	$ 199,301

	PORTION PLEDGED	COLLECTIONS FOR FISCAL YEAR 1990: ALL GOVERNMENTAL FUND TYPES	LOCAL GOVERNMENT FUND	TOTAL	PLEDGED PER CENT	PLEDGED AMOUNT
CALCULATION OF 1990 PLEDGED REVENUES AS ABOVE:						
GASOLINE TAX	29.3%	$ 310,996	$ 190,730	$ 501,726	29.3%	$ 147,006
PETROLEUM PRODUCTS FEE	ALL	24,224	12,017	36,241	100.0%	36,241
MOTOR VEHICLE REGISTRATION FEE	ONE-HALF	145,517		145,517	50.0%	72,758
FRANCHISE TAX	ALL	194,578		194,578	100.0%	194,578
TOTALS		$ 675,315	$ 202,747	$ 878,062		$ 450,583

NOTE: Pledged revenues for the last five years are shown below:

FISCAL YEAR	PLEDGED REVENUES	PERCENT INCREASE (DECREASE)
1986	$ 352,138	12.0%
1987	366,414	4.1
1988	364,343	(0.6)
1989	404,146	10.9
1990	450,583	11.5

TABLE VI

STATE OF TENNESSEE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
LONG-TERM DEBT TO TOTAL EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
FOR THE LAST TEN FISCAL YEARS

(Expressed in Thousands except for Ratio Data)

FOR THE YEAR ENDED JUNE 30	DEBT SERVICE	TOTAL EXPENDITURES	RATIO
1981	$ 80,774	$ 2,999,525	2.69%
1982	85,487	2,990,378	2.86
1983	91,596	3,043,499	3.01
1984	87,640	3,414,140	2.57
1985	83,440	3,849,951	2.17
1986	78,929	4,353,959	1.81
1987	100,191	4,734,268	2.12
1988	104,182	5,127,284	2.03
1989	98,097	5,579,976	1.76
1990	99,590	6,197,486	1.61

TABLE VII

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
TENNESSEE HOUSING DEVELOPMENT AGENCY FUND
FOR THE LAST TEN YEARS

(Expressed in Thousands except Coverage)

FOR THE YEAR ENDED JUNE 30	DEDICATED REVENUES	RELATED EXPENSES	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS	COVERAGE (NOTE)
1981	$ 42,335	$ 1,478	$ 40,857	$ 38,609	1.06
1982	45,141	1,600	43,541	44,424	0.98
1983	63,336	1,805	61,531	65,174	0.94
1984	63,216	1,995	61,221	65,451	0.94
1985	80,733	2,385	78,348	83,714	0.94
1986	107,079	2,938	104,141	105,117	0.99
1987	103,886	2,818	101,068	102,362	0.99
1988	109,884	2,791	107,093	111,012	0.96
1989	130,191	3,637	126,554	127,996	0.99
1990	144,629	4,325	140,304	140,328	1.00

NOTE: Under THDA's series bond resolutions, scheduled amounts of anticipated mortgage loan prepayments are used each year to pay a portion of maturing bond principal. Accordingly, in addition to the net revenue available for debt service shown above, THDA applied some $8.3 million in prepayments against fiscal year 1989 debt service requirements.

STATE OF TENNESSEE
SCHEDULE OF REVENUE BOND COVERAGE
COLLEGE AND UNIVERSITY FUNDS
FOR THE LAST TEN YEARS

(Expressed in Thousands except Coverage)

		DEBT SERVICE REQUIREMENTS			
FOR THE YEAR ENDED JUNE 30	FEES AND CHARGES	TENNESSEE STATE SCHOOL BOND AUTHORITY	OTHER THAN AUTHORITY	TOTAL	COVERAGE
1981	$ 229,638	$ 13,014	$ 1,451	$ 14,465	15.9
1982	262,407	13,009	1,435	14,444	18.2
1983	290,454	12,526	1,349	13,875	20.9
1984	291,675	19,766	1,333	21,099	13.8
1985	352,999	22,126	1,359	23,485	15.0
1986	378,127	25,691	714	26,405	14.3
1987	421,643	27,366	715	28,081	15.0
1988	475,990	27,185	541	27,726	17.2
1989	519,214	27,275	544	27,819	18.7
1990	577,071	27,251	545	27,796	20.8

STATE OF TENNESSEE
ECONOMIC CHARACTERISTICS*

TENNESSEE'S ECONOMIC GROWTH

The economic future for Tennessee remains bright. The decisions by Saturn and Nissan to locate their production facilities in Tennessee are very visible signs that the state is a desirable place to do business. Characteristics of the state which have been identified as important reasons why firms have chosen Tennesee sites include work-force related factors such as worker productivity, right-to-work laws and low unionization, as well as access to markets and pro-business attitude of the state. Other factors include relatively inexpensive energy, plentiful natural resources and sun-belt location. Tennessee's gross state product as a percentage of gross national product increased from 1.63% in 1981 to 1.66% in 1990, and personal income was 1.62% in the same years.

(Expressed in Millions)

YEAR	GROSS STATE PRODUCT	PERSONAL INCOME	DISPOSABLE PERSONAL INCOME
1981	$ 49,879	$ 40,872	$ 35,492
1982	51,965	42,970	37,373
1983	56,318	45,745	39,824
1984	63,206	50,362	44,235
1985	67,562	53,637	46,745
1986	72,328	57,891	50,435
1987	78,946	62,523	54,649
1988	84,010	67,243	59,111
1989	87,850	72,236	63,454
1990	91,806	76,435	67,213

TENNESSEE GROSS STATE PRODUCT BY SECTOR

(Expressed in Millions)

	1980	1985	1990	SECTOR AS PERCENTAGE OF 1990 TOTAL
MANUFACTURING	$11,917	$17,336	$22,987	25.0%
CONSTRUCTION	2,081	2,847	2,903	3.2%
MINING	382	371	351	0.4%
TRADE	8,215	12,550	17,460	19.0%
SERVICES	5,781	10,109	14,951	16.3%
FINANCE, INSURANCE AND REAL ESTATE	5,655	9,189	13,656	14.9%
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	3,383	5,254	6,643	7.2%
FEDERAL GOVERNMENT	2,692	3,357	4,081	4.5%
STATE & LOCAL GOVERNMENT	3,564	4,966	7,273	7.9%
AGRICULTURE	1,349	1,582	1,500	1.6%
TOTAL GROSS STATE PRODUCT	$45,019	$67,561	$91,805	100.0%

TENNESSEE AVERAGE ANNUAL WAGE BY SECTOR

	1980	1985	1990	PERCENTAGE CHANGE (From 1980 to 1990)
MANUFACTURING	$14,003	$19,061	$23,839	70.2%
CONSTRUCTION	13,985	18,096	24,144	72.6%
MINING	17,131	21,856	27,487	60.5%
TRADE	10,537	13,332	16,868	60.1%
SERVICES	11,636	16,167	21,305	83.1%
FINANCE, INSURANCE AND REAL ESTATE	14,006	20,185	25,094	79.2%
TRANSPORTATION, COMMUNICATION AND PUBLIC UTILITIES	18,704	24,270	30,112	61.0%
FEDERAL GOVERNMENT	19,746	27,206	22,619	14.5%
STATE & LOCAL GOVERNMENT	11,848	15,954	20,374	72.0%
AGRICULTURE	3,828	8,130	9,893	158.4%
AVERAGE ALL SECTORS	$13,542	$18,425	$22,174	63.7%

*Except as otherwise noted, the source for all economic information presented is the Tennessee Econometric Model developed by the Center for Business and Economic research, College of Business Administration, The University of Tennessee, Knoxville.

MANUFACTURING

Manufacturing investment in Tennessee totaled $3.2 billion in 1989, marking the seventh consecutive billion dollar year for the state. The combined new plant and expansion projects announced are expected to create 28,500 new job opportunities. The tables which follow indicate the state's manufacturing gross product, employment and industrial expansion.

TENNESSEE MANUFACTURING GROSS PRODUCT

(Expressed in Millions)

	1980	1985	1990	PERCENTAGE CHANGE (FROM 1980 TO 1990)
DURABLES:				
FURNITURE & FIXTURES	$ 332	$ 582	$ 818	146.4%
FABRICATED METALS	798	1,432	1,829	129.2%
NONELECTRICAL MACHINERY	1,327	1,850	2,216	67.0%
ELECTRICAL MACHINERY	942	1,415	1,905	102.2%
TRANSPORTATION EQUIPMENT	406	1,581	2,113	420.4%
OTHER	1,629	2,257	2,975	82.6%
TOTAL DURABLES	5,434	9,117	11,856	118.2%
NONDURABLES:				
FOOD	1,159	1,737	2,270	95.9%
TEXTILES	415	484	564	35.9%
APPAREL	811	953	1,130	39.3%
PAPER	651	988	1,584	143.3%
PRINTING & PUBLISHING	466	800	1,050	125.3%
CHEMICALS	1,824	1,705	2,396	31.4%
RUBBER & PLASTICS	606	983	1,414	133.3%
OTHER	551	569	723	31.2%
TOTAL NONDURABLES	6,483	8,219	11,131	71.7%
TOTALS	$ 11,917	$ 17,336	$ 22,987	92.9%

TENNESSEE MANUFACTURING EMPLOYMENT

(Expressed in Thousands)

	1980	1985	1990	PERCENTAGE CHANGE (FROM 1980 TO 1990)
DURABLES:				
FURNITURE & FIXTURES	21.5	24.3	30.0	39.5%
FABRICATED METALS	33.8	39.3	41.8	23.7%
NONELECTRICAL MACHINERY	35.0	37.8	37.5	7.1%
ELECTRICAL MACHINERY	40.2	37.6	39.8	-1.0%
TRANSPORTATION EQUIPMENT	23.2	31.5	36.9	59.1%
OTHER	70.5	69.0	72.5	2.8%
TOTAL DURABLES	224.2	239.5	258.5	15.3%
NONDURABLES:				
FOOD	39.0	37.6	39.8	2.1%
TEXTILES	26.3	23.1	21.9	-16.7%
APPAREL	69.4	65.4	62.0	-10.7%
PAPER	17.7	17.9	20.2	14.1%
PRINTING & PUBLISHING	26.9	31.6	36.4	35.3%
CHEMICALS	56.6	40.0	38.7	-31.6%
RUBBER & PLASTICS	20.5	24.0	26.3	28.3%
OTHER	21.6	13.2	11.5	-46.8%
TOTAL NONDURABLES	278.0	252.8	256.8	-7.6%
TOTALS	502.2	492.3	515.3	2.6%

INDUSTRIAL GROWTH IN TENNESSEE
NEW PLANTS AND EXPANSIONS

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
NUMBER:										
NEW	80	70	73	118	109	118	123	140	132	92
EXPANSIONS	129	158	137	204	253	189	204	202	174	797
	209	228	210	322	362	307	327	342	306	889
INVESTMENT (In Thousands):										
NEW	$922,894	$119,147	$173,405	$207,536	$329,403	$3,764,765	$360,031	$791,490	$517,912	$898,084
EXPANSIONS	853,470	463,731	587,578	1,116,533	1,015,274	764,083	704,880	809,788	2,262,901	2,307,739
	$1,776,364	$582,878	$760,983	$1,324,069	$1,344,677	$4,528,848	$1,064,911	$1,601,278	$2,780,813	$3,205,823
JOB OPPORTUNITIES:										
NEW	7,294	3,679	5,336	8,154	7,065	14,709	8,361	13,644	10,634	7,753
EXPANSIONS	5,460	9,253	5,602	11,897	15,065	11,041	10,697	11,093	8,111	20,759
	12,754	12,932	10,938	20,051	22,130	25,750	19,058	24,737	18,745	28,512

FIFTY LARGEST INDUSTRIAL EMPLOYERS

(Ranked by Number of Employees)

COMPANY	NUMBER OF PLANTS	NUMBER OF EMPLOYEES	COMPANY	NUMBER OF PLANTS	NUMBER OF EMPLOYEES
1. EASTMAN KODAK COMPANY	2	13,100	26. MAREMONT CORPORATION	3	2,081
2. MARTIN MARIETTA	3	11,800	27. BROWN GROUP, INC	5	2,055
3. TEXTRON, INC.	3	7,100	28. WASHINGTON MANU. CO.	6	1,995
4. MURRAY OHIO MANUFACTURING	2	6,000	29. FORD MOTOR COMPANY	1	1,953
5. PHILLIPS INDUSTRIES	6	5,287	30. MCKEE BAKING COMPANY	1	1,950
6. WICKES COMPANIES, INC.	5	4,924	31. E. W. SCRIPPS COMPANY	2	1,953
7. E. I. DUPONT DE NEMOURS & CO.	4	4,402	32. TRIANGLE PACIFIC CORP.	4	1,857
8. GENERAL ELECTRIC COMPANY	8	4,326	33. ALLEGHENY INTERNATIONAL	5	1,838
9. ARCATA GRAPHICS	2	4,069	34. BLUE BELL, INC.	6	1,736
10. ALUMINUM COMPANY OF AMERICA	1	3,700	35. SIEBE, PLC.	3	1,728
11. LEVI STRAUSS & COMPANY	6	3,120	36. BRUCE HARDWOOD FLOOR	3	1,642
12. GOODYEAR TIRE & RUBBER	1	3,100	37. JIM WALTER CORPORATION	3	1,614
13. NISSAN MOTOR COMPANY LTD	1	3,000	38. COMBUSTION ENGINEERING	3	1,605
14. UNITED TECHNOLOGIES	3	2,703	39. SPERRY CORPORATION	1	1,595
15. GULF & WESTERN INDUSTRIES	12	2,667	40. BOWATER CORPORATION	2	1,580
16. BASF FIBERS	1	2,650	41. KRAFT, INC.	4	1,520
17. T R W, INC.	6	2,586	42. KELLWOOD COMPANY	4	1,516
18. A F G INDUSTRIES	3	2,435	43. THE TRANE COMPANY	1	1,500
19. FARLEY INDUSTRIES	4	2,375	44. TELEDYNE, INC.	4	1,486
20. GENESCO, INC.	9	2,368	45. ELECTROLUX	3	1,401
21. MAYTAG COMPANY	2	2,350	46. STATE INDUSTRIES	1	1,400
22. GANNETT COMPANY, INC.	3	2,307	47. UNITED METHODIST PUB.	1	1,384
23. HENRY I SIEGEL COMPANY	7	2,235	48. COCA-COLA BOTTLING CO.	5	1,383
24. SCHERING-PLOUGH, INC.	2	2,220	49. TEXAS BOOT COMPANY	3	1,382
25. ARVIN INDUSTRIES	3	2,081	50. BEATRICE, INC.	3	1,325

SOURCE: Tennessee Department of Economic and Community Development.

AGRICULTURE

Important export commodities such as soybeans, tobacco, feed grains, cotton, and greenhouse and nursery products are among the top income earners for Tennessee farmers.

CASH RECEIPTS
(Expressed in Millions)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
CROPS	$1,080.6	$1,051.0	$896.9	$1,056.2	$1,028.8	$825.7	$873.7	$965.3	$935.1	$912.2
MEAT ANIMALS	427.1	481.6	503.7	647.3	602.6	623.5	712.0	680.6	582.2	569.7
DAIRY PRODUCTS	308.5	304.6	295.3	275.9	281.9	274.6	273.1	266.1	278.0	293.6
POULTRY AND EGGS	116.9	112.0	107.5	130.6	115.7	142.9	124.8	133.7	153.3	155.0
TOTALS	$1,933.1	$1,949.2	$1,803.4	$2,110.0	$2,029.0	$1,866.7	$1,983.6	$2,045.7	$1,948.6	$1,930.5

POPULATION AND EMPLOYMENT TREND

The state's population has increased close to 1% per year with a shift in recent years to a net in-migration condition from one of a net out-migration.

(Expressed in Thousands except Unemployment Rates)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
POPULATION	4,639	4,666	4,691	4,728	4,767	4,801	4,856	4,895	4,935	4,976
LABOR FORCE	2,116	2,129	2,180	2,220	2,253	2,290	2,336	2,350	2,357	2,387
TOTAL EMPLOYMENT	1,924	1,877	1,930	2,030	2,073	2,106	2,182	2,214	2,233	2,253
UNEMPLOYMENT	192	252	250	190	180	184	154	136	124	134
TENN UNEMPLOYMENT RATE	9.1	11.8	11.5	8.6	8.0	8.0	6.6	5.8	5.3	5.0
U.S. UNEMPLOYMENT RATE	7.6	9.7	9.6	7.5	7.2	7.0	6.2	5.5	5.2	5.3

BANK DEPOSITS, SALES AND EFFECTIVE BUYING INCOME

YEAR	BANK DEPOSITS (Expressed in Millions)	SALES (Expressed in Millions)	EFFECTIVE BUYING INCOME MEDIAN HOUSEHOLD (Expressed in Thousands)
1980	$ 19,875	$ 20,177	$ 15.8
1981	21,251	23,490	17.0
1982	23,012	24,604	19.0
1983	25,070	25,097	19.8
1984	27,442	28,966	21.3
1985	29,334	31,817	19.8
1986	32,271	34,309	20.4
1987	34,054	36,386	21.6
1988	36,297	38,538	20.9
1989	38,196	40,240	22.2

NEW PRIVATELY OWNED HOUSING UNITS AUTHORIZED IN PERMIT-ISSUING PLACES
VALUATION OF BUILDING PERMITS ISSUED

(Expressed in Thousands)

YEAR	VALUATION	YEAR	VALUATION
1980	$ 610,800	1985	$ 1,632,906
1981	392,000	1986	1,808,228
1982	701,100	1987	1,851,013
1983	1,202,700	1988	1,660,147
1984	1,406,633	1989	1,450,794

SOURCE: The Tennessee Econometric Model, Tennessee Department of Employment Security labor Summary, Sales and Marketing Management, and U.S. Bureau of the Census Construction Reports.

POPULATION, TAX BASE AND PERSONAL INCOME

(Expressed in Thousands)

YEAR	POPULATION	ASSESSED VALUE	APPRAISED/ ESTIMATED CURRENT VALUE	PERSONAL INCOME	PER CAPITA INCOME
1981	4,639	$17,350,600	$ 87,795,800	$ 40,872,000	$ 8.8
1982	4,666	18,642,000	90,992,300	42,970,000	9.2
1983	4,691	21,875,000	93,915,000	45,745,000	9.8
1984	4,728	25,239,000	97,016,000	50,362,000	10.7
1985	4,767	26,453,000	107,331,000	53,637,000	11.3
1986	4,801	28,698,000	111,201,000	57,801,000	12.0
1987	4,856	31,123,000	125,102,000	62,523,000	12.9
1988	4,895	32,519,000	129,813,000	67,243,000	13.7
1989	4,935	33,933,000	123,072,000	72,236,000	14.6
1990	4,976	39,815,000(EST)	153,750,000(EST)	76,435,000	15.4

PUBLIC SCHOOL ENROLLMENT GRADES K-12

ACADEMIC YEAR	GRADES K-3	GRADES 4-6	GRADES 7-9	GRADES 10-12	TOTAL K-12
1980-81	268,985	214,658	210,485	192,554	886,682
1981-82	257,825	212,047	205,791	183,919	859,582
1982-83	255,674	203,806	208,712	177,527	845,719
1983-84	255,855	195,060	213,319	173,054	837,288
1984-85	258,214	189,030	212,953	170,693	830,890
1985-86	261,165	184,545	207,631	173,707	827,048
1986-87	267,044	185,886	202,599	180,040	835,569
1987-88	273,353	189,605	196,910	181,152	841,020
1988-89	299,505	212,160	214,323	194,128	920,116
1989-90	276,953	196,363	197,334	170,349	840,999

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
UNIVERSITIES:										
AUSTIN PEAY STATE	4,079	4,107	4,091	4,389	4,306	4,067	4,015	4,160	3,983	4,630
EAST TENNESSEE STATE	7,697	7,861	7,907	8,060	7,963	7,986	7,984	8,213	8,728	9,066
MEMPHIS STATE	15,195	15,007	15,524	16,483	15,860	15,348	14,838	15,144	15,285	15,532
MIDDLE TENNESSEE STATE	9,788	9,593	9,645	9,969	9,794	9,854	9,915	10,398	11,388	12,151
TENNESSEE STATE	6,588	6,091	6,128	6,134	5,796	5,232	5,134	5,426	5,815	5,805
TENNESSEE TECHNOLOGICAL	7,403	7,369	7,458	7,340	7,068	7,136	6,902	7,061	7,371	7,080
UNIVERSITY OF TENNESSEE:										
CHATTANOOGA	5,739	5,709	5,804	6,058	5,764	5,861	5,727	5,557	5,769	5,850
KNOXVILLLE	25,662	24,402	22,991	22,721	21,780	21,077	21,449	21,879	20,742	21,025
MARTIN	5,005	5,153	5,129	5,115	4,857	4,572	4,531	4,473	4,283	4,744
TOTAL UNIVERSITIES	87,156	85,292	84,677	86,269	83,188	81,133	80,495	82,311	83,364	85,883
COMMUNITY COLLEGES:										
CHATTANOOGA STATE TECH	3,108	3,205	3,405	3,502	3,076	2,607	2,942	3,416	3,710	4,243
CLEVELAND STATE	2,113	1,856	2,039	2,034	1,791	1,895	1,586	1,707	1,798	1,860
COLUMBIA STATE	1,451	1,353	1,536	1,504	1,383	1,367	1,560	1,563	1,606	1,821
DYERSBERG STATE	684	884	1,039	1,058	958	918	1,001	962	976	1,114
JACKSON STATE	1,686	1,683	1,840	1,784	1,601	1,471	1,473	1,704	1,663	1,850
MOTLOW STATE	1,262	1,224	1,352	1,354	1,365	1,181	1,316	1,392	1,438	1,574
PELLISSIPPI	*	*	*	*	*	*	*	*	2,038	3,145
ROANE STATE	2,139	2,216	2,323	2,368	2,334	2,435	2,518	2,909	2,663	3,044
SHELBY STATE	3,443	2,997	3,184	3,297	2,855	2,416	2,484	2,282	2,588	2,845
VOLUNTEER STATE	2,078	2,038	2,048	1,973	1,855	1,680	1,853	2,034	2,110	2,246
WALTERS STATE	2,286	2,116	2,240	2,244	2,181	2,101	2,201	2,395	2,276	2,636
TOTAL COMMUNITY COLLEGES	20,250	19,572	21,006	21,118	19,399	18,071	18,934	20,364	22,866	26,378
TOTAL ALL INSTITUTIONS	107,406	104,864	105,683	107,387	102,587	99,204	99,429	102,675	106,230	112,261

*Effective July 1, 1988 Pellissippi became a State Community College.

Sources: The Tennessee Econometric Model, State Board of Equalization, Tennessee Department of Education and the Higher Education Commission.

ACKNOWLEDGMENTS

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